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Carter Speech Sinks Dollar On 6 Markets

LONDON, Oct. 25 — The dollar hit record lows against the currencies of West Germany, Japan, the Netherlands, Belgium, Denmark and Norway in European trading amid disappointment over President Carter's anti-inflation program.

The price of gold rose to a record \$20.10 an ounce at the morning session and then to \$23.90 by the afternoon. A record of \$20.25 was set a week ago. Bullion prices in London at \$23.25, from \$22.50 late yesterday.

The dollar is in the intensive care ward right now, a New York foreign-exchange dealer said, a sentiment expressed by many European traders. Several dealers maintained that there was no relief expected in the dollar crisis and that conditions could deteriorate further.

U.S. Treasury Secretary Michael Blumenthal, however, indicated in Washington that he expected a stronger dollar in the future and he signaled a U.S. resolve to support the currency if the markets became disorderly. At a press conference, he said that the "fundamentals" are moving in a direction of a strengthening of the dollar.

Heavy Support Needed
But in European foreign-exchange dealings, central banks in Europe, Japan and the United States appeared to be forced to give the dollar heavy support to keep it from falling even more sharply under the pressure of large sales. (See page 9.)

Foreign-exchange dealers said that Mr. Carter's plan to limit wages and prices voluntarily was inadequate to stem the dollar's 18-month decline.

Among the details of the plan was voluntary guidelines of 7 percent for increases in wages and fringe benefits and 5.75 percent for price increases next year.

"We had not expected much," a Swiss dealer said, "but we had not expected so little."

Despite the drubbing the dollar took on foreign exchanges, Mr. Carter's action won some praise.

A West German government spokesman, Klaus Boelling, said that the anti-inflation program was additional evidence of Mr. Carter's strong determination to achieve the aim of effectively fighting inflation.

He said that the plan was another "contribution to realizing the pledges made at the Bonn economic summit" last July, attended by Mr. Carter and the heads of other Western governments.



President Carter prepares to tell Americans the details of his new campaign to combat inflation on television Tuesday night.

At European Economic Community headquarters in Brussels, an economist, who declined to be identified for publication, said: "All measures to stabilize the economy have a positive effect, and this program will have a mid-term and long-term internal benefit for the U.S. economy."

The Soviet Union said that Mr. Carter's anti-inflation program is "sharply limited" and is incapable of preventing a new U.S. economic slump. Tass, in an analysis by economic commentator Ivan Abramov, said it agreed with U.S. observers who claim that the program is "too little, too late," and that it does not hit hard enough on the policies of large corporations.

"Although monopolies that sustain high prices on their output, thereby adding fat to the flame of the inflation, are among the main culprits of the unchecked growth of inflation in the United States, the new program does not envisage any effective measures against these carriers of the virus of inflation," Tass said.

The country's real problem, Tass contended, lies in its "squandering of tremendous sums" on nonproductive aims and the rapid growth of its military budget. Those who will suffer from Mr. Carter's program are the "working people," especially union members.

U.S. business, labor and political leaders generally were unimpressed by Mr. Carter's message, saying that voluntary wage-price controls were only a first step toward mandatory standards.

"Voluntary controls don't work," former President Gerald Ford said. "Once you start down that road you wind up with government wage and price controls."

Jackson Grayson, price council chairman under former President Richard M. Nixon, wished Mr. Carter's program luck, but he said that its failure could bring on mandatory controls.

"Prices and wages don't cause inflation, they're the transmitters of inflation," he said. "This will increase the probability of mandatory controls, not decrease it."

President Carter's own message suggests considerable doubt about whether his program will work," said Richard Leshner, president of the U.S. Chamber of Commerce. "Many will rebel against the guidelines. Some will even question the legality of the procurement sanctions. But most will agree that a focus on wages and prices concentrates on the symptoms and not the disease."

Ford Vows Cooperation
Ford Motor Co., the nation's second-largest automaker, pledged "to cooperate promptly and constructively with the administration... to assist the administration in its fight against inflation."

"We believe that if a program of voluntary wage and price guidelines is to work, it must be accompanied by monetary and fiscal restraint on the part of the federal government," added Fred Secrest, executive vice president, environmental, safety and industry affairs. "We are encouraged by the president's stated determination to hold the line on government spending."

Charles Brown, president of American Telephone & Telegraph, gave cautious approval to Mr. Carter's proposal. "The president is to be commended for facing up to a profoundly vexing problem for which there are no simple answers," said Mr. Brown. "Clearly, he opposes mandatory wage and price controls and deserves every citizen's support in his efforts to avert them."

"There's no way the private sector can solve inflation alone," he said. (Continued on Page 2, Col. 8)

Cabinet Approves Draft Treaty Israel Planning to Expand Golan, Jordan Settlements

By William Claiborne

JERUSALEM, Oct. 25 (WP) — Israeli Prime Minister Menachem Begin said tonight that Foreign Minister Moshe Dayan will inform the U.S. government that Israel intends to enlarge existing Jewish civilian settlements on the West Bank of the Jordan and on the Golan Heights.

Addressing his Likud bloc at a meeting in the Knesset, Mr. Begin was quoted as saying that Mr. Dayan, "in the name of the Israeli government," is informing the State Department that the expansion will start as soon as possible.

Earlier, the Israeli Cabinet "approved in principle" the draft compromise treaty with Egypt, but tacked on a string of amendments that will have to be negotiated anew when the Middle East peace talks resume in Washington.

After 17 hours of debate stretching over three days, all but 2 of the 17 voting members of the Cabinet threw their support behind the treaty, but not before Mr. Begin had personally written a number of amendments to satisfy their objections to the original language.

Go to Parliament

In an unexpected move, the Cabinet also voted to resubmit the final draft of the treaty to Israel's parliament once it is initiated at the conclusion of the Blair House talks.

The final document also will have to be approved by the Cabinet.

A Foreign Ministry spokesman confirmed Mr. Begin's later remarks concerning the settlements, but emphasized that they were limited to enlargement of existing settlements and did not involve construction of new civilian outposts.

During the controversy after the Camp David summit meeting over whether the freeze on settlements extended "three months or five years, Israel emphasized that whatever the length, the freeze did not have anything to do with the expansion of existing settlements, the spokesman said.

Since then, several government officials have alluded to the need to "strengthen" Jewish settlements on the West Bank, but Mr. Begin's remarks last night appeared to be the first public indication by Israel that the government was formally notifying the United States of its intentions.

Mr. Begin's comments followed by a few hours a communiqué issued by a committee of West Bank settlements rejecting the Cabinet's approval of the treaty draft with Egypt. The committee said that the

treaty will "lead Israel and the Arabs to peace but will create obstacles."

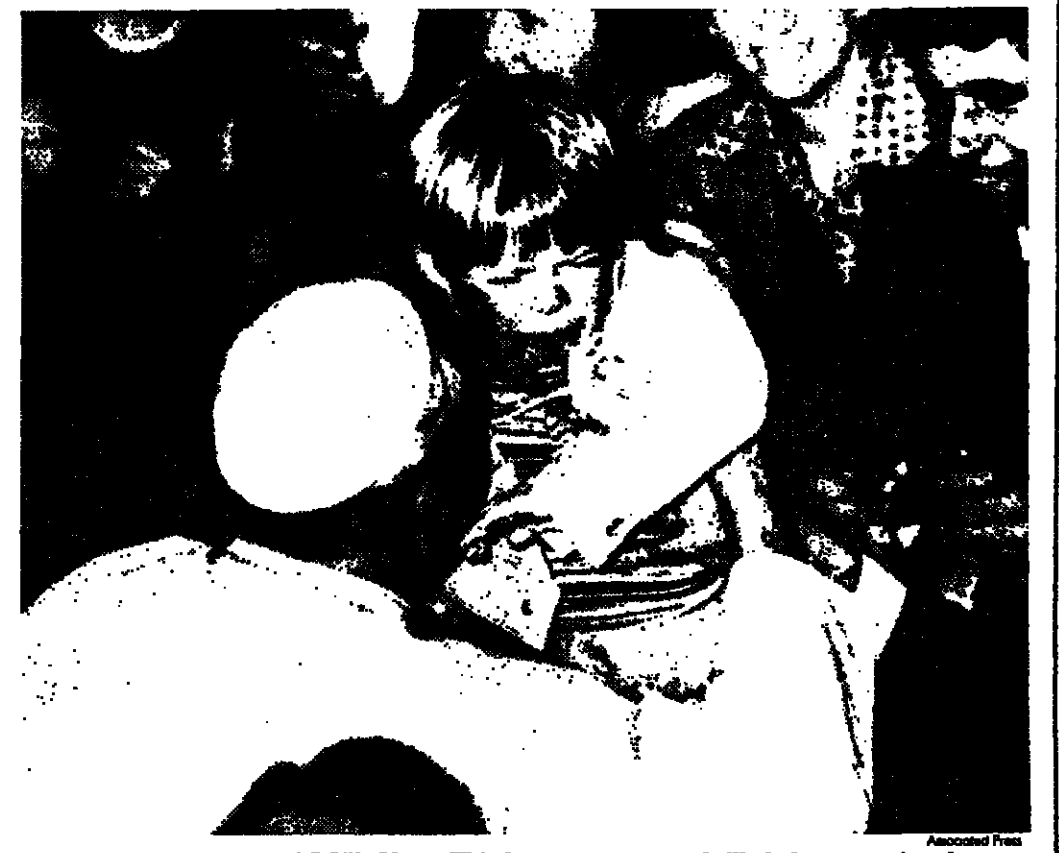
The Begin address was interpreted here as a reaction to the visit earlier in the week by U.S. Assistant Secretary of State Harold Saunders, who met with Palestinian leaders on the West Bank to the chagrin of some Israeli leaders.

[In Cairo, the Associated Press reported that President Anwar Sadat said today he is confident Egypt and Israel will sign a peace treaty, noting that the U.S. draft of the agreement is generally acceptable, according to a spokesman.]

[Mr. Sadat made the statement during a two-hour closed meeting with more than 200 members of his newly founded National Democratic Party at his villa north of Cairo.]

["The peace treaty will definitely be concluded sooner or later because the walls of fear and suspicion have been broken down," Mr. Sadat told his audience, according to the spokesman.]

Mr. Begin emerged from the (Continued on Page 2, Col. 3)



WHO'S THE POPE, ANYWAY? — This boy was not very thrilled about meeting the pope during the general audience yesterday. But after his initial fright, the boy did begin to smile.

Ex-Social Democrat Expected to Get Support

Nonaligned Premier Picked in Portugal

LISBON, Oct. 25 (UPI) — President Antonio Ramalho Eanes, compromising with the nation's feuding political parties, today designated a nonaligned law professor, Carlos Mota Pinto, as Portugal's sixth post-revolution premier.

Gen. Eanes' announcement, read by a presidential aide, said that Mr. Mota Pinto would form a nonpartisan Cabinet, ending a three-month stalemate.

Senior politicians said that the maverick former Social Democrat leader was almost certain to gain majority parliamentary support for a neutral Cabinet, Portugal's 10th since the 1974 revolution.

The premier-designate, 42, served in last year's minority Socialist government as commerce and tourism minister. Since then he has taught at Coimbra's university. His friends described him as "a humanist, defending reformist Socialism."

Though none of the big four minority parties reacted immediately to the appointment, the crucial Socialists and their former conservative coalition partners, the Center Democrats, had said earlier that they would have no objections if Mr. Mota Pinto were appointed.

Between them, the two parties — whose disagreements over farm and health policies began the crisis July 25 — hold a safe majority in Parliament. The Socialists have 102 seats, the Center Democrats 41 in the 263-seat National Assembly.

Politicians said that the delay in appointing the premier — the appointment was expected since the weekend — was because of Gen.



Carlos Mota Pinto

new Portuguese premier

Eanes' efforts to find support for his first choice, Alfredo Nobre da Costa, 55.

Mr. Nobre da Costa was sworn

in as premier on Aug. 29 but the Socialists and the conservative Center Democrats toppled his government program Sept. 14 before the independent technocrat had a chance to rule, and the Communists frustrated the president's search for another premier.

Cabinet Replacement
Earlier, all three indicated their readiness to have party members serve, as individuals, in a nonaligned Cabinet. They had opposed Mr. Nobre da Costa's Cabinet because it was drawn from outside party ranks.

After the deadlocked parties refused to compromise on a formula for a ruling coalition, Gen. Eanes again was forced to recruit a premier from outside partisan ranks.

Political circles awaited the reaction of the center Social Democrats, who lost their parliamentary chief, Mr. Mota Pinto, and others of the left-wing in a 1975 party power struggle.

Iran Frees 1,500 Inmates Amid Anti-Shah Protests

TEHRAN, Oct. 25 (UPI) — About 1,500 prisoners were released from Iranian jails early today as widespread anti-shah demonstrations shut the city's two major universities for the third consecutive week.

Prison authorities began releasing the prisoners last night and the last men and women marked for release left the jails at approximately 10 a.m.

The amnesty was to mark the shah's 59th birthday, being observed as a national holiday tomorrow.

A total of 1,126 political prisoners was released, including some who were sentenced to terms of up to 30 years for activities against the shah.

Crowds of relatives and friends jammed the entrance to Tehran's central Qasr Prison. Mothers and sisters in black body-length veils brought flowers and wept silently as they waited outside the prison gates.

3,000 Students

An estimated 3,000 students demonstrated at the Aryamehr Technical University campus in central Tehran.

The students shouted slogans against the shah and in praise of Ayatollah Ruhollah Khomeini, the chief opposition leader living in Paris.

They carried photographs of youths who were killed in recent street clashes between army troops and demonstrators, and portraits of Moslem extremist guerrillas killed in action against security units.

At Tehran University, leftist students held a similar anti-shah demonstration. Youths from other schools defied a ban on their entry and several hundred boys and girls joined the protest.

Teng, in Tokyo, Says Taiwan Still Is Obstacle to U.S.-China Ties

By William Chapman

TOKYO, Oct. 25 (WP) — Chinese Deputy Premier Teng Hsiao-ping said today he believes his country eventually will have normal relations with the United States but only after the Taiwan issue is settled on China's terms.

"We are waiting for the United States to make up its mind," the Chinese leader emphasized.

At a news conference, Mr. Teng also said there will be no tension on the Korean peninsula as long as South Korea does not attempt any action against the Communist North, which he recently visited.

Making his first bow at a Western-style news conference, Mr. Teng was a relaxed, amiable performer, telling reporters that he was not very bright and inviting them to criticize if his replies to questions were unclear.

He broke no new ground on any major issue but at several points suggested that many currently divisive problems in Asia — including Taiwan and the Korea — will disappear with the passage of time.

But he stuck to the familiar warning that a world war is likely because of the Russians, whom he called "hegemonists." They "pose a grave threat to world peace and international security," Mr. Teng said. "The danger of a new world war is an objective reality."

New Peace Treaty

Mr. Teng is visiting Japan for the formal ratification of the new peace and friendship treaty and has held lengthy talks about several world issues — including normalizing relations with the United States — with Japanese Premier Takeo Fukuda.

If anything new passed between them on the issue of the United States and Taiwan, Japanese officials did not reveal it. A spokesman for Mr. Fukuda, however, said there were some points of their discussion that were too delicate to disclose.

At the news conference, when asked about normalizing affairs with the United States, Mr. Teng replied, "We are talking about it. I think that this will follow in the general course of events... The obstacle is Taiwan."

He then listed the three conditions for that settlement — abrogation of the U.S.-Taiwan mutual security treaty, withdrawal of U.S. troops and severance of diplomatic relations.

"On these three conditions we are waiting for the United States to make up its mind," Mr. Teng added.

There have been suggestions that the Carter administration will make a new move early next year on the Taiwan issue, although there is heavy sentiment in Congress against a normalization that would amount to abandoning Taiwan.

On Korea
On the Korean issue, Mr. Teng emphasized that he strongly supports the North's views on unification but implied that the division can be ended in time, once the United States has withdrawn troops from the South. Mr. Teng visited the North last month and had extensive talks with President Kim Il Sung.

Mr. Teng said there is no tension on the peninsula and does not expect any as long as South Korea does not take actions against the North. Unification should come through North-South talks and the

necessary atmosphere for that will come only after U.S. troops are withdrawn, he added. The Carter administration's first formal withdrawal of U.S. forces is scheduled for mid-December.

Mr. Teng did not mention, however, that one of the North's key demands is that, before unification talks begin, the United States should agree to separate talks with North Korean officials.

"No country should be divided" in an artificial manner, Mr. Teng said, adding that he expects the Korean issue to be resolved in due course.

Mr. Teng's determination to be tactful extended even to one of the touchiest issues between China and Japan, control of the Senkaku Islands which are claimed by both countries. Instead of insisting on China's claim, Mr. Teng merely ob-

served that the two countries differ on the Senkakus and have agreed to put off trying to settle the issue.

The Japanese had been worried that Mr. Teng might touch off new troubles for them with the Russians by his campaign against "hegemonism," a code word for Soviet expansionism. The Russians have bitterly criticized Japan for signing a treaty that contains an "anti-hegemony clause," although Japan pretends the clause is not aimed at the Soviet Union but is only a general statement of belief.

Mr. Teng went after the "hegemonists" fiercely in a statement before the news conference, but he tactfully refrained from asserting the Chinese position that the clause is, indeed, aimed solely at Russia. He called it merely a statement of opposition "to the efforts of others to seek hegemony."

Britain May Send Weapons to Zambia

LONDON, Oct. 25 (AP) — Britain will send surface-to-air missiles and other anti-aircraft defense weapons to Zambia shortly in response to a plea from President Kenneth Kaunda.

An aid package including a British military training mission was announced today by government officials who declined to be named.

The package was agreed upon when Prime Minister James Callaghan met with Mr. Kaunda in London last month.

Since then, Zambia's need for the country's virtual total lack of defense during air strikes by Rhodesian air and ground forces against nationalist sanctuaries near Zaire and in other areas.

Initial estimates by both the Rhodesians and black nationalist leader Joshua Nkomo suggested that about 1,500 persons were killed and many were wounded in Rhodesian raids.

The British government officials said that a condition for supplying arms is that they are for Zambian forces and not for use by Mr. Nkomo's Zimbabwe African People's Revolutionary Army.

The British decision was made known yesterday to Secretary of State Cyrus Vance by British Foreign Secretary David Owen during Mr. Vance's stopover in London on his way home from Moscow. It also was discussed today when U.S. Ambassador to Zambia Stephen Low conferred with Mr. Owen.

One of the British objectives in its decision to rush defensive equipment to Zambia is to deter the Rhodesian government from launching more bombing raids.

Another aim is to pre-empt any tempting offer of arms that the Soviet Union or Cuba might make to Mr. Kaunda.

Britain's aid package includes medical supplies that already have been flown to Lusaka for use in hospitals crowded by bombing raid casualties; an increase in economic

To Prevent New Rhodesian Raid

support beyond this fiscal year's total of about \$45 million; purchase of some of Zambia's unsold stockpiles of copper and a crash program of training for Zambian forces.

No Combat Role

There is no question, however, of British military instructors assuming an active combat role, the British officials said. Nor are the British contemplating, at this stage, the supply of combat planes to the Zambian Air Force.

A day after Mr. Callaghan returned from his Kano meeting with Mr. Kaunda, a British arms expert, Maj. Gen. Edward Fursdon, flew to Zambia to check Zambia's air defenses and minimum air defense needs.

The officials reported that Gen. Fursdon found the country's anti-aircraft equipment in a poor condition (Continued on Page 2, Col. 8)



Zambian President Kenneth Kaunda speaking yesterday.

To Rebuild Army

Wide Military Reforms Announced by Lebanon

BEIRUT, Oct. 25 (AP) — The government announced sweeping measures today to confiscate unauthorized weapons, rebuild the army and punish anyone who collaborates with Israel.

President Elias Sarkis asked the Syrian-dominated Arab deterrent force to draw up a program for disarming private armies and removing all military signs from the country.

He gave the Arab force, the Lebanese Army command and internal security commanders two weeks to arrange a coordinated program for implementing the security and political resolutions reached at an all-day Cabinet session.

The government also asked the Arab force command to prohibit armed Palestinian guerrillas from

appearing in public, to remove all roadblocks and to arrest violators.

It asked the Arab force to withdraw units of the Palestine Liberation Army, 1,000 soldiers of which entered Lebanon from Syria earlier this month at the height of Syrian-Christian clashes.

Other decisions called for strict enforcement of press censorship regulations, banning unauthorized publications and private radio stations and punishing any Lebanese who collaborates with the Israeli enemy.

Reconciliation Program

The government also promised a comprehensive national reconciliation program to be debated and implemented shortly by Parliament.

It asked the military command to prepare a definitive program for rebuilding the armed forces along nonsectarian lines. The promised army, a government statement said, must be strong enough to take over duties of the Arab Defense Force and the United Nations Interim Force in Lebanon.

The eight-nation UNIFIL came to Lebanon in March to undertake peacekeeping operations in southern regions vacated by Israeli forces.

Before the Cabinet session, leftist gunmen discarded their weapons in Beirut's Moslem sector, but the sandbag positions around their branch offices have not yet been removed.

Observers noted the leftists' positive response to the Arab force pacification action but questioned the peacekeepers' ability to exercise similar influence on Christian militias.

The Cabinet decisions were seen as an attempt to implement the recommendations of the seven-nation Arab conference at Beit Edine that sought to end the Syrian-Christian confrontation here last week.

The conference of Saudi Arabia, Kuwait, Syria, Qatar, the Sudan, the United Arab Emirates and Lebanon promised broader support for the Arab force and urged an end to all political and religious factions in Lebanon.

Gromyko Goes To Paris Talks

PARIS, Oct. 25 (UPI) — Soviet Foreign Minister Andrei Gromyko arrived today to work on repairing relations between his country and France. The relations were at a low last year when France flew paratroops into Zaïre to fight Soviet-backed rebels in Shaba province.

Mr. Gromyko and Foreign Minister Louis de Guiringaud are scheduled to meet several times. Mr. Gromyko also is expected to confer with President Valéry Giscard d'Estaing, who is to return tomorrow from a one-day visit to Italy.

Mr. Gromyko's arrival had been scheduled for months within the framework of exchange visits by the presidents of the two countries in odd-numbered years and by foreign ministers in even-numbered years.

Mild Quake in Russia

MOSCOW, Oct. 25 (AP) — A mild earthquake, with its epicenter in Afghanistan, was felt yesterday in the Soviet Central Asian republics of Uzbekistan and Tadzhikistan. Tass reported.



Prime Minister Begin waves to newsmen as he holds communiqué on Israeli Cabinet treaty vote.

Israel Planning to Expand Settlements

(Continued from Page 1)

marathon Cabinet session at 4:45 p.m. and said that the ministers had given "appropriate guidelines" to Mr. Dayan and Defense Minister Ezer Weizman to continue the negotiations toward a conclusion.

Mr. Dayan and Mr. Weizman are expected to return to Washington tomorrow.

The Cabinet met under the guise of a classified defense and security committee, thereby legally shutting off public discussion by its members of the details of the treaty revisions.

However, it was understood that many of the proposed revisions deal with the question of a linkage between the bilateral Israeli-Egyptian peace treaty and future negotiations on Palestinian self-determination on the West Bank and Gaza Strip.

The amendments were said to be an attempt to weaken further the treaty preamble that addresses the linkage question "politically,"

rather than in a legally binding fashion.

One of the persistent sticking points following the Camp David agreements has been to find a way to link the treaty with proposals for the West Bank and Gaza Strip in a way that is visible to President Sadat's Arab critics, but not offensive to Mr. Begin's rightist opposition.

Mr. Sadat has made it clear that he wants to demonstrate he has not abandoned the Palestinian Arabs, while Mr. Begin has been trying to reassure his critics at home that the treaty is not a prelude to Israel's loss of sovereignty in the West Bank.

The Cabinet vote today was 15 to 0, with two abstentions. Abstaining were Energy Minister Yitzhak Mordechai and Health Minister Eliezer Shostak.

But Cabinet sources said that such a clear majority was not assured as recently as last night, when as many as eight ministers appeared ready to vote against the

draft, most of them on the basis of the linkage question.

In addition to Mr. Shostak, Agriculture Minister Ariel Sharon, Minister Without Portfolio Chaim Laskov, Education Minister Zevulun Hammer and Justice Minister Shmuel Tamir were said to be considering rejecting the draft. Moreover, Interior Minister Yosef Burg and Religious Affairs Minister Aharon Abut-Hatzira reportedly were considering "no" votes.

The sources said that Mr. Begin, fearful that a 9-to-8 vote would lead to a Cabinet crisis and a collapse of the Middle East peace talks, worked on a number of revisions overnight in an effort to meet the ministers' objections.

Following the session, Mr. Tamir said today, "I am satisfied with the government decision as accepted finally. I am satisfied because I raised a number of points I considered to be very important . . . points I believe Egypt can accept and would accept."

He added, "I think we are satisfied with what took place in Jerusalem. I hope we will be satisfied with what takes place in Washington."

Mr. Begin surprised some observers by announcing that the final draft treaty that emerges from the Washington talks will be presented to the full Knesset for ratification.

There is nothing in Israeli law that requires the Knesset to endorse international treaties, and on the surface it would appear that the prime minister is subjecting himself unnecessarily to a vituperative debate much like the one that marked Knesset approval of the original Camp David "framework" for peace and the dismantlement of Jewish settlements in the Sinai.

However, by spreading responsibility for accepting or rejecting peace throughout the Knesset, Mr. Begin would force any fence-sitters to his side because the Cabinet is obligated by law to follow the decisions of the parliament.

If the Knesset rejected the final draft, or even approved it by a slim margin, it would be tantamount to a vote of no confidence, and could create a government crisis leading to resignation, which few in the parliament want at this moment.

In the absence of some unforeseen treaty changes totally unacceptable to Israel, the agreement seems assured of solid approval in the Knesset, but probably not by the 4-to-1 margin given last month to the Camp David framework.

Doubts on Carter's Economics

By Edward Cowan

WASHINGTON, Oct. 25 (NYT) — The Carter administration has drawn up a set of guidelines for noninflationary wage and price behavior that is meant to be comprehensive, flexible, effective, credible and fair.

There are reasons to doubt whether it can be all of these things at the same time.

The presidential advisers who outlined the program to reporters yesterday stressed that the program would be flexible and would not create a new bureaucracy. They recalled that more than 3,000 Internal Revenue Service agents were borrowed to enforce President Richard M. Nixon's mandatory price-wage controls in 1971-74.

By contrast, President Carter's Council on Wage and Price Stability will add to its usual number of 35 economists, lawyers and secretaries about 100 extra people, to be borrowed from other agencies of government.

They will try to watch prices charged by the 400 corporations with annual sales of \$500 million or more, plus "all major collective bargaining settlements," according to a White House statement.

Pattern Setters

The monitors will seek to determine whether these big companies — who are believed to be pattern setters — raise their prices by more than the guideline amount. That amount is 1/2 of 1 percent less than the average price increase in 1976-1977.

For a company with many different products — a chemical company with scores or hundreds of products, or a soap company with a few dozen products — the monitors will look at a company-wide average, weighted by product sales.

But how will they get that average? If the company says it does not normally calculate an average, the monitors are without power under existing law to require the company to make such a calculation. In that case, the monitors are supposed to calculate it themselves. But first, they must direct the company to submit raw data on prices and sales volumes. The law does let the wage-price council compel companies to submit data that they

keep in the normal course of business.

With the raw data, the council will work up its own estimate of a company's all-product price increase. Presumably, those figures will be challenged by the companies themselves, at least in some cases.

In any event, there is a serious question as to how much this kind of enforcement work can be done by 135 people.

Course of Action

But suppose the staff is able to make such calculations and can show that a company has raised prices by more than the guideline amount. What can the government do then?

It has four kinds of "tools" it can use to persuade a company to abide by the price standard, said Charles Schultz, chairman of the Council of Economic Advisers. The Export-Import Bank can withhold export credits. Or a company may be deemed ineligible to sell its merchandise to the government. Or, if the company's rates are regulated by a federal law, for example, the railroad freight rates, the agency might disallow some of the costs claimed by the company.

Finally, there is the court of last resort, the appeal to public opinion. The administration, officials say, will publicly identify companies and unions that do not respect the guidelines.

Plainly, all of this is tentative and tenuous. It is not likely that the threat of sanctions will lead many companies to trim back price increases. What Mr. Carter must hope for is a good public response to his program and a widespread sense among business, labor and consumers that reversing the inflationary turn is a task the whole country must attempt together.

The administration already has acknowledged that the 7-percent standard for labor settlements will not apply to "low-wage" workers. They would be allowed to get bigger wage increases than everyone else. That sounds fair, but what is "low"? The White House fixed the standard yesterday at \$4.00 an hour. That is far below the \$5.50 standard urged on Mr. Carter by President George Meany of the AFL-CIO. There is disagreement in the ranks of labor on this score.

In general, labor leaders feel that price compliance will be slipped but that employers will enforce the Carter wage standard of 7 percent. They figure that includes fringe benefits. On this count alone, labor says, the program — even as a voluntary program — is not evenhanded.

Moreover, labor leaders contend that the standard now is tougher in light of the present rate of inflation of 7.5 percent than the Nixon standard. Then, the wage guideline was 5.5 percent plus 7 percent for fringe, or 6.2 percent in all — and inflation then was only about 3.5 percent a year.

In sum, labor is skeptical. Union

leaders say that if they see business moderating price increases, labor will respond in time. But, the labor leaders imply, they do not want to go first.

The administration unveiled so-called "real-income" insurance that would give tax rebates to workers who follow the guideline if it turns out that inflation exceeds 7 percent. But what about the unemployed?

The insurance proposal is innovative and potentially complicated. It is doubtful that Congress will get it quickly and enact it promptly — if at all.

This is but one of many problems attendant on the administration's attempt to speed up and is a deeply divisive force. If only the administration can be stopped and then around into a moderate decision, the administration will be successful.

Presidential counselor Robert Strauss pretty much summed up the administration's mood when he said: "We're not going to get mad results."

Carter Plan Hits Dollar

(Continued from Page 1)

Reginald Jones, chairman of General Electric Co., who has been openly skeptical of the value of the mandatory wage-price control, was somewhat more optimistic after Mr. Carter's address. He said pleasure with Mr. Carter's pledge to hold down U.S. spending. "There's got to be a government effort."

A spokesman for General Motors, the nation's largest corporation, also praised Mr. Carter's emphasis on the government's role in the battle against wage and price increases.

According to a poll released shortly after Mr. Carter's speech, three-quarters of those polled favor his proposals for voluntary wage and price guidelines but they have no faith that the proposals would work.

An ABC News-Harris poll at the end of last week showed 68 percent of those polled favored Carter's proposals, while 19 percent opposed them. But on details, a majority of 55 to 37 percent believed that health and medical costs, prices, energy costs and union demands cannot be curbed by voluntary controls.

Weapons To Zambia

(Continued from Page 1)

tion. Some weapons were returned and others lacked key components.

Namibians Killed

LUSAKA, Oct. 25 (AP) — President Kaunda said today that Namibian soldiers and police officers were killed by Rhodesian troops in their attack last week.

"As we mourn these gallant fighters, I want all of you to be firm for a very long war and difficult times," Mr. Kaunda said in a statement issued here.

"The enemy is brutal, cruel and barbaric, bent on total domination of Zambia. As in the past, count on your resilience to remain calm and united in defense of independence and territorial integrity."

Pope Reappoints Cardinal Villot

VATICAN CITY, Oct. 25 (UPI)

Pope John Paul II has reappointed Cardinal Jean Villot of France as Vatican secretary of state on a temporary basis, the Vatican said today.

It said the pope sent Cardinal Villot a letter asking him to stay in the job "for the initial period" of the new papacy to run the church's central government. Sources said earlier he would be reappointed for about six months and then replaced by an Italian.

Front-Line States Reportedly Complain to Waldheim

Namibia Plan Said Near Collapse in SWAPO Rebell

By Jim Hoagland

WASHINGTON, Oct. 25 (WP) — U.S. efforts to negotiate a peaceful settlement to the guerrilla war in South-West Africa (Namibia) appeared yesterday to be close to collapse after the South-West African People's Organization rejected a compromise plan for new talks between the United Nations and the South African government.

The rejection was contained in a letter handed to UN Secretary-General Kurt Waldheim in New York by SWAPO representative Theo Ben Gurirab, according to informed sources. The letter is to be made public this week.

Mr. Waldheim also met yesterday with ambassadors representing the front-line African states that provide logistical support for the guerrillas, and he again heard strongly negative comments about the compromise proposal, the sources reported. The five front-line states, Angola particularly, have been crucial to U.S. efforts for a peace agreement.

Slender Hope

The decision by SWAPO and the African states not to make their separate rejections of the compromise public and formal at this point left UN officials clinging to a

slender hope that Mr. Waldheim could still work out a formula to keep South-West Africa talks going and to avoid calls in the Security Council for international economic warfare against South Africa.

U.S. officials declined immediate comment on yesterday's move by SWAPO, but they expressed hope that a UN economic confrontation with South Africa can still be avoided.

There were suggestions in the comments by U.S. officials that the Carter administration is pressing Mr. Waldheim to send a special representative to talk to the South Africans despite the initial negative responses from black Africa.

Vance Objective

The United States and other Western nations have in the past vetoed UN economic sanctions against South Africa, which has ruled the largely desert territory of South-West Africa (now known as Namibia) as a mandate area since 1920.

Avoiding a sanctions debate was one of the chief objectives of a five-nation negotiating delegation, headed by U.S. Secretary of State Cyrus Vance, that went to Pretoria last week to get Prime Minister Pieter Botha to agree to hold UN-

supervised elections in South-West Africa and to withdraw South African troops.

Mr. Botha agreed only to reopen talks about UN-supervised elections with Mr. Waldheim's special representative, Martti Ahtisaari of Finland. In a joint communiqué, Mr. Botha declared that South Africa would go ahead with its own elections in the territory Dec. 4.

SWAPO, which is receiving increasing support from the Soviet Union in its low-level, decade-old insurgency against South African rule, attacked the joint communiqué in its letter to Mr. Waldheim as a plan to install a puppet regime in South-West Africa and said that it opposed new talks with Pretoria, according to informed sources.

Before meeting with Mr. Waldheim, Mr. Ben Gurirab said that SWAPO would press for an early meeting in the Security Council to impose "comprehensive, mandatory economic sanctions" against South Africa. UN sources said that African nations were preparing requests for specific trade embargoes, including petroleum.

The five-nation Western "contact group" obtained agreement from South Africa and from SWAPO during the summer for a

UN plan for independence in South-West Africa. But South Africa withdrew its agreement Saturday, charging that the United Nations was changing details of the plan that would weight the election favor of SWAPO.

During last week's negotiations, Mr. Botha said he was now "fired" with new Western meddling on the specific details in the plan, but he insisted that the member elections under South African control had to go ahead.

Africans Want UN Action

UNITED NATIONS, N.Y., Oct. 25 (AP) — The African group of UN members asked today for urgent Security Council action what was described as South Africa's defiance of the council's 29 demand for UN supervised pre-independence elections in South-West Africa.

The group agreed at a preliminary meeting yesterday to go to council. Ambassador Radha Kona Ramphul of Mauritius, a representative on the 15-nation council to meet by Monday, said the group wanted to demand South Africa and impose economic sanctions.

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New Openness Seen

Castro Offer for Dialogue Splits U.S. Cuban Exiles

By Terri Shaw

WASHINGTON, Oct. 25 (WP) — The Cuban exile community in the United States — once almost monolithic in its opposition to the government of Fidel Castro — is sharply divided over an offer by Mr. Castro for a dialogue with the exiles.

Mr. Castro's offer is the latest in a series of gestures he has made to the exile community, including the release of 46 political prisoners who were held in Cuba.

The offer has sparked heated debates and many inquiries among Cuban exiles in Miami and other parts of the United States. Some exiles are welcoming the offer, while others are skeptical.

One group of exiles, led by a former Cuban minister, is calling for a meeting with Mr. Castro to discuss the offer. They believe that the offer is a sign of Mr. Castro's willingness to negotiate.

Another group of exiles, however, is skeptical. They believe that Mr. Castro's offer is a ploy to gain international support and that he has no intention of making any real concessions.

Castro Aims

Observers in Washington and Miami suggest that Mr. Castro hopes that lessening exile opposition to his government will hasten diplomatic and trade relations with the United States, which could bolster Cuba's sagging economy and reduce its dependence on the Soviet Union.

One of Mr. Castro's first gestures toward the exiles was to grant permission for a group of young Cubans to visit the island late last year. It was the first time that a large group of Cuban-born residents of the United States had been permitted to visit the island since Mr. Castro took power.

Most of the 55 men and women in the group had left Cuba as children and they were generally sympathetic to the Castro government. They named their group the Antonio Maceo Brigade after a leader of the Cuban fight for freedom from Spain. During their trip they did some volunteer construction work and visited relatives. The trip had great emotional impact in Cuba and among exiles in the United States.

Many exile families had bitter arguments over whether their children should join the brigade, and it was harshly criticized by the Cuban-exile media in Miami.

But there was another response as well. When the group returned, its members were swamped with calls and letters asking how they had managed to go to Cuba. Many callers asked if they could arrange to go as well.

As more exiles are permitted to visit the island, interest in traveling there grows. A second Antonio Maceo Brigade is being organized for a four-week trip next summer and the Cuban-interest section of the Czechoslovak embassy here has been receiving more than 50 applications for visas from Cuban exiles each day.



Mother and child look at burned-out home of relative in Zuma Beach, Calif. Fire destroyed several homes in area.

Arsonist Blamed for Largest of Los Angeles' Fires

LOS ANGELES, Oct. 25 (AP) — An arsonist, using a paper matchbook and a burning cigarette, started the worst of 11 brush fires that have burned 38,000 acres and destroyed 186 homes in the Los Angeles suburbs, authorities said today.

"The evidence indicates the fire was intentionally set," a Los Angeles County Sheriff's Department official said. "The investigation is continuing. It was definitely arson."

The blaze, which began in the western suburb of Agoura, ravaged 161 homes and 25,000 acres on a 16-kilometer path through the San-

ta Monica mountains to the sea at Malibu. The fire damaged or destroyed homes belonging to actors Jack Lemmon, Nick Nolte and Clint Walker, actresses Ali MacGraw and Katharine Ross, singer Neil Young and comedian Buddy Hackett.

The county fire department reported that the fire was 80 percent contained early today. An official indicated that other fires which forced hundreds to flee their homes might have been arson.

Investigators were looking into the cause of the Mandeville Canyon area blaze, the other

major fire in the area, which destroyed at least 25 houses and 6,000 acres of brush above West Los Angeles. It was brought under control yesterday.

A third fire, still burning after destroying 1,400 acres above Sierra Madre in the San Gabriel mountains about 32 kilometers from Los Angeles, also may have been caused by arson.

Another fire in Carbon Canyon, which scorched 5,600 acres and threatened several communities in Orange County, was reported fully contained yesterday.

Carter Signs Reform Bill

U.S. Law Ends Regulation of Airline Fares, Routes

By Carole Shifrin

WASHINGTON, Oct. 25 (WP)

President Jimmy Carter yesterday signed into law a bill designed to increase competition among the nation's airlines by phasing out government regulation.

The law, supported by the president since the beginning of his term, gradually reduces the power of the Civil Aeronautics Board to govern fares and airline routes, and abolishes the CAB altogether at the end of 1984.

Mr. Carter said in a crowded signing ceremony in the White House Cabinet Room that the legislation would achieve two critical objectives. "One is to help our fight against inflation and the other is to assure American citizens of an opportunity for low-priced air transportation."

Mr. Carter said that thanks to recent actions of the CAB under the leadership of its chairman, Alfred

Kahn, the nation already has seen the beginning of real competition among domestic airlines. "Competition has already helped both consumers and the industry," he said. "It brought lower fares, more passengers and higher profits."

Although the airline industry has been subjected to increasing doses of competition in the last few years, supporters of the law said a bill updating the 1938 regulatory framework was needed to assure a continuation of the benefits that reduced regulation had yielded.

Supporters of changes in the law feared the move toward more competition could be blunted by a change in the CAB's membership — it had a history of protectionism — or through legal challenges to board initiatives that had not yet worked their way through the courts. The law not only legitimizes what the board has been doing, but goes further and faster than the

board could have gone on its own. The law establishes a schedule for elimination of CAB jurisdiction over airline rates, routes and mergers.

The law eliminates CAB authority over routes at the end of 1981, leaving existing airlines free to start new routes without any application process. New airlines could be formed with a showing that they are "fit, willing and able," the law says.

In the next three years, entry into the industry and setting up new routes will be easier. Airlines will be able to pick a new route in each of the next three years. In addition, a provision allows airlines almost automatic access on a first-come, first-served basis to routes going unserved by the airlines holding authority for those routes.

Since last Thursday, representatives of 20 airlines have been standing in line outside the CAB waiting

for the chance to apply for those "dormant" routes. The applications will be accepted starting today.

Aside from "automatic" access, routes will be easier to get through the regular application process. In the past, applicants for new routes had to prove they were "required by the public convenience and necessity." Now the burden of proof will be on the opponents of new applications to prove why they are not in the public interest.

At the end of 1982, the CAB will be stripped of its authority over fares and mergers, leaving the airlines subject to the same federal laws that apply to other unregulated industries. In the meantime, the airlines are given the authority to lower their fares by up to 50 percent without CAB approval. They also can raise their fares up to 5 percent unless they carry more than 70 percent of the passenger traffic on a route.

Says Sharp Jump Not Likely

Soviet Aide Plays Down Trade Aspects of SALT

By Dan Fisher

MOSCOW, Oct. 25 — Even if a Soviet-U.S. agreement on a new strategic arms limitation treaty leads to a normalization of trade relations between the two countries, there will be no immediate sharp jump in the volume of trade between the superpowers, a high government official said here yesterday.

"I don't think it's possible," commented Dzhemal Gvishiani, deputy minister of the Soviet State Committee for Science and Technology. "It takes more than goodwill. A lot of work has to be done."

Speaking in fluent English, Mr. Gvishiani told a small group of visiting and resident American correspondents in a press conference that the impact of greater Soviet-U.S. trade on existing supply lines will be one factor acting as a drag on the process.

Also, he said, it will take considerable study by both sides to decide on the most advantageous areas for further trade. Both sides should be concentrating on such studies now, he added.

Cautious on Fares

While the United States is very interested in the Soviet Union's huge reserves of raw materials, and especially its reserves of oil and natural gas, Mr. Gvishiani indicated that the government will take a cautious view of such deals.

He pointed to a project to export natural gas from western Siberia to Europe that has been under discussion for several years. "But that does not mean it is a priority project for us," he said.

He noted, "We're not interested in making the kind of investment" that would be necessary to bring on the huge volumes of gas envisioned. "Maybe it's better for us to invest in our oil or diamonds."

Mr. Gvishiani did not rule out some future gas deal with a U.S. company. "Some of these projects now look much more profitable" thanks to increased prices for the fuel, he said.

But he made it clear that the government would carefully balance the investments in such projects against domestic needs and possible returns from alternate trade deals.

The official, who is the son-in-law of Soviet Prime Minister Alexei Kosygin, indicated that his country is anxious to sell technology to the United States. "I strongly believe the exchange of technology will play possibly the leading role in the future" of U.S.-Soviet trade and economic relations, he said.

While science and technology are admittedly U.S. strong points, he said, it would be "naive" to un-

derestimate the achievements of Soviet science. "We have the ability to solve any scientific and technical problem that exists today," he claimed.

Critics of Soviet-U.S. technical exchanges contend that U.S. technology is so far ahead in most areas that the United States has little to gain and much to lose from such arrangements. But Mr. Gvishiani insisted that such an attitude is "an illusion — an illusion that has no justification."

While either country might have a technical lead over the other in an area, he added, "as a scientist, I consider it absolutely ridiculous" to believe that such an edge can be maintained for very long, or used as a tool for political pressure.

He said that U.S. efforts to block the sale of certain commercial technology are "only creating tensions, and the benefits are negligible."

Speaking of the controversial Dnepropetrovsk deal to supply the Soviet Union with drill-bit technology, Mr. Gvishiani contended, "We don't see any technology in the oil area where we lack know-how." He said that the Soviet Union's problem is one of scale. "When your factories are filled up, you go outside to buy — it's only normal. And when we buy we want to buy the best."

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City Aide Guilty In Washington Bribery Trial

WASHINGTON, Oct. 25 (WP)

Joseph Yeldell, a chief aide to Washington Mayor Walter Washington, and Dominic Antonelli Jr., a millionaire real-estate developer, were convicted yesterday by a U.S. jury on charges that the city official had traded a District of Columbia government lease for a secret \$33,000 personal loan from the businessman.

The jurors convicted Yeldell, 46, and Antonelli, 56, on the three bribery and conspiracy counts, after a three-week U.S. District Court trial.

Earl Silbert, the U.S. attorney for the district, held a news conference later outside the courthouse and characterized the guilty verdicts as a renewed message to public officials from district citizens.

He described the message as: "Don't cheat us, don't defraud us, don't betray us, don't abuse your public trust."

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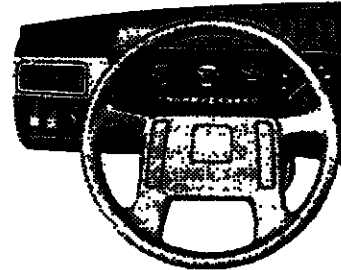
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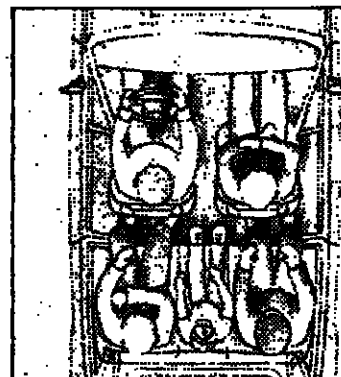
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Wants Westinghouse Recipient Named

U.S. Judge Bars Foreign-Bribe Secrecy

By Charles R. Babcock

WASHINGTON, Oct. 25 (UPI) — An angry U.S. judge refused yesterday to "rubber stamp" a U.S. government offer to allow Westinghouse Electric Corp. to settle a foreign bribery case charge without identifying the country or the official implicated.

Justice Department and Westinghouse attorneys continued yesterday to refuse to identify the country involved, but other sources said it was Egypt.

It could not be learned which official allegedly received a reported \$322,000 in payments.

U.S. District Court Judge Barrington Parker told attorneys for the Justice Department and Westinghouse: "Gentlemen, I'm going to leave you to other alternatives. I will not accept it."

Agrees to \$300,000 Fine

Westinghouse had agreed to pay a \$300,000 fine and plead guilty to charges that it made false statements to U.S. agencies that financed the construction projects in the unnamed country.

Judge Parker noted that the fine was less than the \$322,000 alleged to have been paid by Westinghouse to get the contracts.

He also expressed displeasure at a press release that Westinghouse issued Monday before the guilty plea was accepted. Judge Parker

accused the company lawyers of "taking things for granted" and expecting the court "to rubber stamp everything you hand it."

The judge had delayed his ruling on the proposed plea-bargaining arrangement so that he could study material about the payoffs that Westinghouse attorney Vincent Fuller had given him in confidence. Mr. Fuller told the judge the materials would explain the need for secrecy.

But yesterday morning, after several more questions showing his dissatisfaction with the settlement, the judge turned it down.

Options Studied

Justice Department officials said later that they were studying several options on how to salvage the case. It is possible that the charges, which are still pending, could be taken to trial or that Westinghouse could plead guilty without a pre-arranged penalty, they said. It is unlikely the charges will be dropped entirely, they added.

Births Decline in Italy

ROME, Oct. 25 (UPI) — The government Statistics Institute said yesterday that 360,485 live births were recorded in Italy during the first six months of the year, down 17,875 from the same period last year.

The case was being handled with extraordinary sensitivity by the Justice Department. Officials said that the decision not to press for disclosure of the country involved was made on the prosecutors' initiative, rather than on requests by the company, the State Department or the intelligence community.

Justice Department attorney Jeffrey Hirschberg had told Judge Parker, "We believe it is in the interest of the United States" not to identify the country "at this time," but the prosecutor replied he did not want to say publicly.

The Westinghouse payments were disclosed to the government early this year, the company said, after the company official who arranged them told his superiors.

The first payment of \$250,000 was for help in getting a civil construction contract worth between \$30 million and \$35 million, the government alleged. That project was financed partially by a loan from the Export-Import Bank.

An additional payment of more than \$72,000 was made last year, the prosecutor added, for aid in getting a related contract financed by the Agency for International Development.

Westinghouse was charged specifically with making false state-

Westinghouse Says It Is Cleared Of Power-Plant Payoff Charges

MANILA, Oct. 25 (UPI) — The U.S. Justice Department has cleared Westinghouse Electric Corp. of charges of illegal payoffs in the sale of a \$1.1-billion nuclear power plant in the Philippines, a Westinghouse announcement said yesterday.

The announcement in Manila said that the Justice Department had reached the decision after an extensive inquiry into the award of the contract for the plant to Westinghouse.

U.S. newspapers alleged in January that the award had been made after payoffs were given to a Filipino businessman, Herminio Desini, a golfing partner and in-law of President Ferdinand Marcos.

The payoffs, according to the reports, ranged from \$4 million to \$35 million. The allegation was denied by Westinghouse and the Philippine government.

Westinghouse said papers filed by the Justice Department in court today said it could not bring any other charges against the corporation or any individuals for any transaction on the basis of currently available information.

The decision by the Justice Department, Westinghouse said, was consistent with the corporation's own findings after an internal investigation. It said that although the U.S. Securities and Exchange Commission still was reviewing the Philippine case, the corporation was hopeful a final resolution would be reached soon.

ments in Export-Import and AID documents when company officials said they had made no payments other than those reported to bona fide agents.

The Export-Import Bank approved two apparently related loans for Westinghouse projects in Egypt in June, 1974, according to bank records.

One helped to finance a \$10.8 million generating plant; another, a \$20 million project for electric lighting in Egypt.

AID also provided money for power-plant construction in Egypt during the same period. It could not be determined whether the money went to the same Westinghouse project.

High-level sources at the State Department said yesterday that they knew of no potential national security problem in revealing the bribe recipient or the country involved and expressed some puzzlement at the Justice Department action.

Government Control at Issue

Peruvian to Head Unesco Unit on News

PARIS, Oct. 25 (UPI) — Peruvian diplomat Albert Wagner de Reyna today was elected chairman of the committee of the UN Educational, Scientific and Cultural Organization that will deal with the controversial draft declaration on the flow of world news.

Mr. Reyna, ambassador to France and member of the Unesco executive committee, has never taken a public stand on government control of the press. His government has vacillated on the subject.

Mr. Reyna's Culture and Communications Committee is scheduled to begin meeting Nov. 13 and to take up the draft declaration Nov. 16. The issue may be settled by that time in lobbies and sub-committees.

A small "drafting and negotiating group," restricted to a handful of countries, including the United States and the Soviet Union, were scheduled to start meeting in private tomorrow.

Compromise Unlikely

If this group can work out a compromise acceptable to the general membership, Mr. Reyna's committee may have nothing more to do than rubber-stamp the compromise.

But a compromise on the declaration appears unlikely. The Russians are sticking to the language of the draft that supports government control of the press. The Americans

and other Western countries are holding to their stand that anything resembling such control is unacceptable.

The Unesco director, Amadou Mahtar Mbow of Senegal, is seeking a consensus on the declaration. But the U.S. stand is that no consensus is possible unless all reference to government supervision of the press is deleted.

Unacceptable Text

This would fail to satisfy the Soviet bloc and Third World countries, who want world endorsement for their assertion that news about their countries is distorted by Western media.

An official of the U.S. delegation said: "The United States has stated publicly that the present text is unacceptable."

"The director general had a mandate [from the previous general conference in Kenya two years ago] to reach the broadest possible measure of agreement. At this point, no consensus has been reached. Therefore we feel that there should be no draft declaration period."

Some Unesco officials have tried to soften the U.S. position, arguing that abandoning the declaration would mean loss of face for its sponsors, an argument that has so far failed to move many members of the U.S. delegation.

Ottawa Forced to Move Against Crippling Strikes

By Henry Giniger

OTTAWA, Oct. 25 (NYT) — Twice within a week, the Canadian government has had to push through Parliament emergency legislation to force the end of strikes that are having dire effects on the economy.

One strike concerns marine engineers working on ships used in hauling grain and minerals through the Great Lakes and the St. Lawrence seaways. The law was rushed through Parliament Monday night, and the engineers were expected to end a shipping clamp that threatened to cost millions of dollars in lost grain sales as well as to create shortages of iron ore and other minerals for processing mills.

But a postal strike involving 23,000 workers was still on despite a law that went into effect almost a week ago ordering them back to work. Yesterday, the frustrated government, its moral authority much diminished by a series of

In Toronto and Montreal, the two major postal centers, police officials said they would be reluctant to move against defiant picketers because, as the Toronto chief of police said, this would create a breach of the peace.

Trudeau Sparks Uproar in House With Off-Color Reply to Lawman

OTTAWA, Oct. 25 (AP) — Prime Minister Pierre Elliott Trudeau, infuriated when a legislator shouted that the government might destroy documents dealing with the Royal Canadian Mounted Police, looked up and asked:

"Who said that? I'll kick his ass." Then he gestured as if inviting the unidentified legislator to go outside the House of Commons where the debate on alleged illegal activities by the RCMP had become bitter.

Speaker James Jerome calmed the uproar that followed Mr. Trudeau's remark by turning to another questioner. There had been a shouting exchange between ruling Liberals and opposition Conservatives after Conservative leader Joe Clark said that there was a contradiction in statements presented to the Commons about RCMP investigators opening mail illegally.

W. L. Higgitt, RCMP commissioner from 1969-1973, indicated yesterday that three former solicitors general had been informed that police investigators were opening first-class mail in certain cases even though this violated the Post Office Act.

Two of the former solicitors general have said that they were not aware of the violations and the third, Sen. George McNeil, has made no comment.

Mr. Higgitt said that it was RCMP policy to back members caught breaking the law under orders by paying their fines and also their salaries if they were jailed and to rehire them.

Radio Moscow Is Speaking More English

MOSCOW, Oct. 25 (UPI) — Radio Moscow has expanded its English-language service because of growing interest abroad in the Soviet Union, Tass reported today.

The news agency said the radio has introduced a program called the Moscow Radio World Service, which is broadcast 19 hours a day.

"In their letters, of which Radio Moscow now receives about 300,000 a year, radio listeners from different countries write that they consider broadcasts from Moscow a very important and sometimes the only source of truthful information about life in the Soviet Union and Soviet policy," Tass said. Radio Moscow, using several frequencies, will transmit a total of 32 hours of English-language programs each day.

George Rhodes, Served 20 Years In House, Dies

READING, Pa., Oct. 25 (AP) — Former Rep. George M. Rhodes, 80, a 20-year veteran of Pennsylvania's Democratic political scene, died Monday at a nursing home near here.

The Pennsylvanian resident represented the 6th Congressional District of Berks and Schuylkill counties from 1948 until 1968.

During his House career, Mr. Rhodes was a member of the Ways and Means Committee and co-sponsored legislation creating Medicare and extending the government's role in providing public housing. He also served as part whip and floor leader for the state Democratic delegation.

William Seach
BROCKTON, Mass., Oct. 25 (UPI) — William Seach, 101, the nation's oldest Congressman, died of pneumonia yesterday at the Brockton Veterans Administration Hospital.

He was awarded the medal of President Theodore Roosevelt in 1903 for conspicuous bravery during the Chinese Boxer Rebellion in 1900.

Francisco Luis Bernardez
BUENOS AIRES, Oct. 25 (AP) — Francisco Luis Bernardez, 71, noted Argentine poet, died yesterday of a heart attack.

Flights Canceled By Strike in Italy

ROME, Oct. 25 (AP) — A strike by oil workers forced cancellation or a change of destination of many flights to major Italian airports today.

The national airline, Alitalia, reported that about 40 percent of its flights were canceled because of lack of workers to refuel aircraft. Many international flights were forced to land at non-Italian airports, it said.

DEATH NOTICE

Mrs. A.G. Leventis, his wife, and the family, are deeply grieved to announce the death of AMBASSADOR A.G. LEVENTIS, Permanent Delegate of the Republic of Cyprus to UNESCO, which occurred in Athens on October 25, 1978. Funeral services will be held in Athens on Thursday, October 26th, 86 Avenue Foch, 75116 Paris, 25 Herodou Atticus, Athens (138).

Mr. Davignon said that the community should help the enterprise "by helping to promote it outside [the Common Market nations] and by furnishing, if this is desired, appropriate support to investment and development research."

"In addition, one can only be very pleased with the positive consequences that this important step implies for employment," the statement said.

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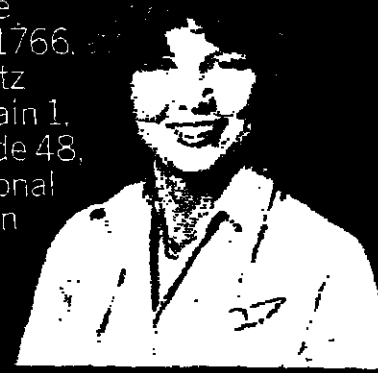
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outlet that the
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when an exiled Chilean general and
his wife were blown up with a car
bomb, and was in Rome in 1975,
when an exiled political leader and
activist by the KGB's wife were seriously wounded by
gunman.
The dossier of FBI evidence was
redacted secret by a Chilean court
for it was presented last month to
the U.S. request that Chile
hand over three army officers. The
dossiers include retired Gen. Manu
Contreras, who headed DINA,
Chilean secret police, when Mr.
general had a daughter, who had been ambassador
of the United States, was killed in a
bombing in Washington in Sep
tember, 1976.
A U.S. grand jury returned a
murder indictment in August
against Gen. Contreras; Col. Pedro
Espinoza, DINA chief of opera
tions in 1976; Capt. Armando Fer
nandez, a DINA operative, and
members of the New Jersey
-based Cuban National Movement,
anti-Castro Cuban exile group.
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PANAMAIANS JOIN ZERO — Sandinist guerrilla leader Eden Pastora, in striped shirt, welcomes 66 volunteers from Panama who want to help oust Nicaraguan President Anastasio Somoza. Known as Zero, the rebel led take-over of Nicaragua's National Palace Aug. 22, and won from the government flights to Panama for rebels. Photo was taken in Nicaragua.

In Letelier Assassination Case

FBI Dossier Ties Chile to Cuba Exiles

By John Dinges

SANTIAGO, Oct. 25 (WP) — The dossier that the United States has admitted to Chile on the assassination of Orlando Letelier is said to contain charges that the Chilean secret police had a long-standing relationship with Cuban exile terrorists and that it sent some of them as hit men on unsuccessful missions to kill four other prominent Chilean exiles.

A lawyer who studied the documents disclosed that the dossier also establishes that Michael Townley, the Chilean agent who conducted the Letelier assassination, was in Buenos Aires in 1974, the year the Chilean general and his wife were blown up with a car bomb, and was in Rome in 1975, when an exiled political leader and activist by the KGB's wife were seriously wounded by a gunman.

The dossier of FBI evidence was redacted secret by a Chilean court for it was presented last month to the U.S. request that Chile hand over three army officers. The dossiers include retired Gen. Manuel Contreras, who headed DINA, Chilean secret police, when Mr. general had a daughter, who had been ambassador of the United States, was killed in a bombing in Washington in September, 1976.

A U.S. grand jury returned a murder indictment in August against Gen. Contreras; Col. Pedro Espinoza, DINA chief of operations in 1976; Capt. Armando Fernandez, a DINA operative, and members of the New Jersey-based Cuban National Movement, anti-Castro Cuban exile group.

A Chilean lawyer, who said that he had access to the dossier and had carefully studied it, agreed to summarize the contents of the U.S.

Murder Charged in Death of Kin of U.S. Envoy

CHARLOTTE COURTHOUSE, Oct. 25 (AP) — A Virginia jury, concluding that the father of diplomat David K.E. did not kill himself as was initially believed, has indicted her husband on a charge of murder.

The Charlotte County Commonwealth Attorney, Edwin Baker, affirmed that indictments alleging murder, bigamy and embezzlement have been returned against Marios Michaelides, who is in Greece and did not be reached for comment. He is thought to be living with his wife.

Sources in Athens who asked not to be identified said that the matter is in the hands of Greek courts, which will "most probably" apply a provision in the Greek-U.S. extradition agreement under which a Greek national can stand trial at home even if the crime occurred in the United States.

Alexandra Bruce Michaelides, sister of the late diplomat, was shot in the head on Nov. 7, 1976, lying under a tree in an area used as a target range at Staunton Park, the Bruce estate in Charlotte County. She died two days later. Authorities ruled her death a suicide, but, according to a story Sunday in the Richmond Times-Dispatch, her family was dissatisfied with this finding and hired a private investigator. The newspaper said that information he uncovered led police to reopen the case.

Other sources confirmed that the lawyer had first-hand knowledge of the dossier.

The documents — about 700 pages of testimony as well as films — are intended to prove the U.S. charges that Gen. Contreras and Col. Espinoza, as DINA officers, ordered Townley and Capt. Fernandez to carry out the assassination of Mr. Letelier with the Cubans' help.

Despite the secrecy rule, the U.S. dossier is known to have been copied in the Chilean Foreign Ministry before being handed on to the Chilean court. Gen. Contreras has a copy, according to persons who said they saw him and his lawyer studying the documents at the military hospital, where the three defendants are being held under preventive arrest.

According to the lawyer's summary, the U.S. documents include:

- Statements to the FBI that DINA sent Cubans on unsuccessful assassination missions in 1975 and 1976 against the leader of the Chilean Christian Democratic Party, Gabriel Valdes, in New York; the Socialist Party general secretary, Carlos Altamirano, in Mexico, and two leaders of the Leftist Revolutionary Movement (MIR), Pascal Allende and Mary Anne Beaussire, in Costa Rica.

• Testimony by Mariana Callejas, Townley's wife and also a DINA agent, that she and Townley were in Buenos Aires, in September, 1974. The visit coincided with

the car bombing there that killed retired Chilean Gen. Carlos Prats, a former commander in chief of the army, and his wife.

• Miss Callejas' testimony that she and Townley also traveled to Rome in October, 1975, at the time of an assassination attempt against Chilean exile Bernardo Leighton, a leader of the Christian Democratic Party. Mr. Leighton and his wife were both seriously wounded in the attack on a Rome street and she remains partially paralyzed.

• Testimony by Townley that pilots and other employees of LAN Chile, the government-owned airline, carried packages containing explosives and bomb parts between Townley in Chile and Cubans in the United States.

Townley, an American expatriate who has lived most of the last 20 years in Chile, was expelled from Chile in April and turned over to the FBI. He is cooperating with the investigation. In a plea-bargaining arrangement, he pleaded guilty to one count of conspiracy to murder Mr. Letelier.

His statement describing the assassination, which he said his DINA superiors ordered him to arrange and carry out, is a major part of the dossier. Many of the details are corroborated by Miss Callejas' testimony.

The Leighton and Prats cases are not mentioned as such in the dossier, the source said. Miss Callejas simply states the dates of her trips with Townley.

Chile, Argentina Forces Ready for Conflict

By Juan de Onis

SANTIAGO, Oct. 25 (NYT) — Argentina and Chile have begun making military preparations for a possible conflict as negotiations on a dispute over maritime rights in the south Atlantic enters a critical stage.

The military governments in both countries have set Nov. 2 as the limit for negotiations, which have been under way for six months. A new round of talks opened here yesterday.

As the deadline approached, the dispute seemed deadlocked. Overt military preparations by Argentina, which has sent tanks to border garrisons and held air-raid blackouts in key cities, are producing nervous reactions here.

Chilean naval units, which were to have taken part in annual exercises with U.S. and Peruvian ships in the Pacific, 1,500 miles north of here, were kept at the port of Valparaiso. They were prepared to go south to the disputed region if Argentina should try to occupy islands assigned to Chile in an arbitration award.

Arbitration Rejected

The islands — Picton, Lennox and Nueva — are at the Atlantic entrance to the Beagle Canal, one of the waterways that connect the Atlantic and Pacific around the southern tip of the continent.

Argentina's military government,

Over Maritime Rights in South Atlantic

in an angry unilateral action, rejected the arbitration decision by the Queen of England, to which both governments had submitted the dispute for a binding ruling.

After two meetings between Presidents Jorge Videla of Argentina and Augusto Pinochet of Chile, negotiations were opened to determine maritime sovereignty arising from the award. Both countries claim 200 miles of off-shore sovereignty. Argentina is demanding

that Chile accept a limit of 3 to 12 miles east of the islands to maintain Argentine sovereignty in the Atlantic.

Some Argentine military sectors want to occupy the islands if the present round of negotiations does not produce an agreement. Chile has said that it will take its case to the international court if the negotiations fail.

Treaty Available

For both countries, the areas involved are important economically because of fishing banks and oil and gas deposits on the continental shelf. There are also factors of military prestige, particularly in Argentina, where some military sectors view a possible conflict as a national unifying experience.

In the event of an armed action, either government could invoke the peacekeeping mechanisms of the

inter-American treaty of reciprocal defense of 1947 by calling a meeting of consultation of pan-American foreign ministers to consider collective action.

Argentina, a country of 25 million, is militarily stronger than Chile, which has a population of 11 million. But in naval terms, the Chileans have equal capability in the stormy, fog-bound waters around the Strait of Magellan, with thousands of islands and fjords making operations a game of hide and seek. Chilean waters in the area have been heavily mined.

Chile is protected by the Andean mountain range, which can only be crossed through a few passes. But Argentina's air force is larger and Chilean targets are more vulnerable than the main Argentine industrial centers of Cordoba, Rosario and Buenos Aires, far across Argentina's airspace.

Maine Leaders Back Settlement Of Indian Claim

AUGUSTA, Maine, Oct. 25 (AP) — Maine political leaders have signed an out-of-court \$37-million compromise that could settle an Indian claim to 12.5 million acres, almost two-thirds of the state's territory.

The endorsement brings the state closer than it has been in almost a decade to settling claims by the Penobscot and Passamaquoddy tribes. "Everyone has agreed to the proposal, with some details to be worked out," said Attorney General Joseph Brennan after a meeting with members of Maine's congressional delegation and Gov. James Longley.

The tribes' claim is based on a 1790 federal law called the Non-Interference Act that said all land deals with Indians must be ratified by the federal government. The political leaders said that because the proposal has their full endorsement, they see little problem with obtaining congressional approval of the new year.

The compromise frees the state of any responsibility in the land claims. Under the deal, the federal government would give almost 4,000 Indians \$27 million in cash, plus an additional \$10 million to buy land. Large paper companies in northern Maine have agreed to sell the tribes 100,000 acres at fair market value, but what land they will sell has not yet been decided.

Dr. Donald Hopkins, assistant operations director for the CDC, said yesterday that "in terms of magnitude of importance, in terms of saving lives, I would rate the eradication of smallpox to the discovery of penicillin and polio vaccine."

The CDC said it will publish a notice of a \$1,000 reward that has been offered by the World Health Organization for discovery of a documented case of smallpox anywhere in the world in the next year.

In New York, a celebration will be held at the United Nations to mark the detection of the last reported case of smallpox one year ago, Oct. 26, 1977, in Somalia.

An outbreak of smallpox and one death, caused by contamination from stocks of laboratory virus, occurred in London in August. But since it was laboratory-associated, it does not fit into the eradication campaign.

Pan Am Stops Flying New York to Moscow

MOSCOW, Oct. 25 (UPI) — The last Pan Am flight out of Moscow left four hours late because of bad weather today, ending 10 years of U.S. commercial service between Moscow and New York. The Soviet airline, Aeroflot will continue to fly the route.

The Pan American World Airways service was dropped as part of the airline's decision to cancel the hard-won Eastern European routes.

"They are a drain on profit, have too many problems, too many restrictions and too many headaches," a Pan Am spokesman said when the decision was announced last month.

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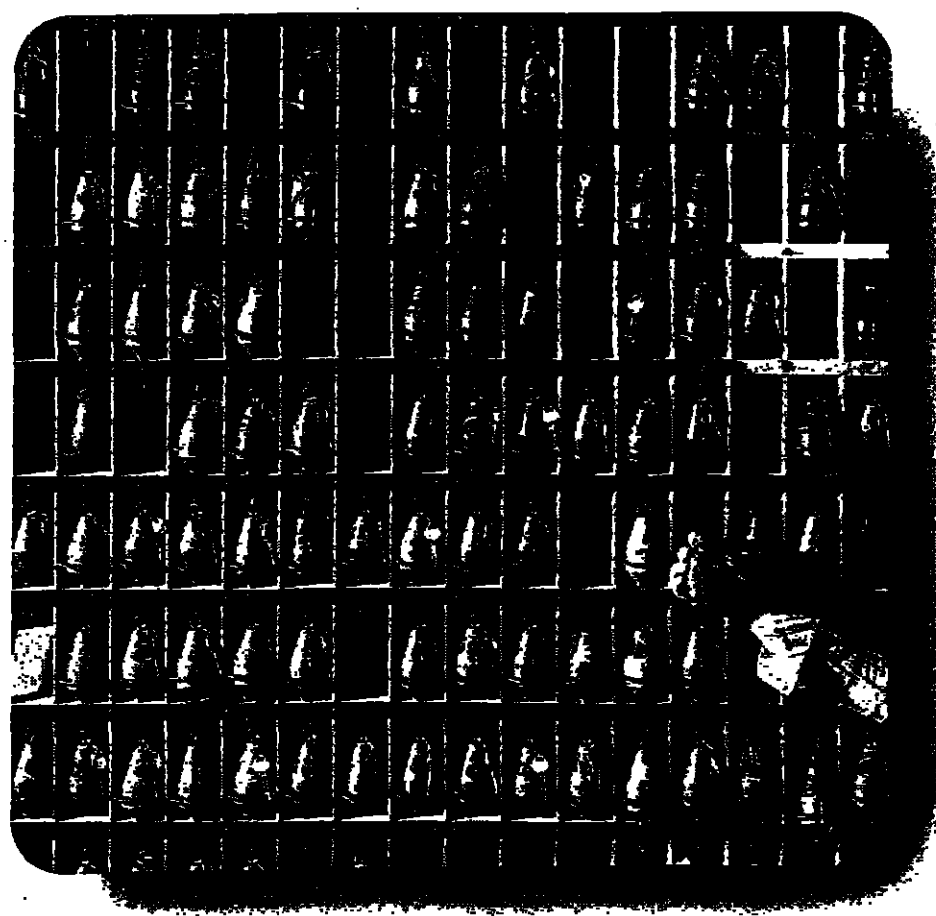
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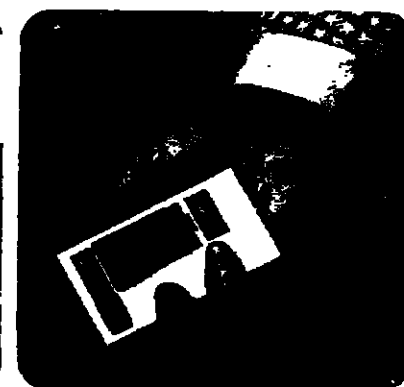
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The President's Appeal

Mr. Carter's plan for attacking inflation is by no means merely jawboning, to use a word that has settled within the argot of practical economics. Rather, it contains carrots and sticks, to use more of the same argot. It is not, in other words, a rigid system of controls over prices and wages, but it does use governmental power to reward those who comply with his guidelines, and punish those who don't. His appeal on Tuesday night, however, was for public acceptance of the plan, and support for it, in private, corporate and union conduct, and in applying pressure to Congress to give Mr. Carter what he needs for the struggle.

Given the nature of this appeal, both in what inflation implies for the national economy and for the lives of its citizens and the importance the president very clearly attaches to it, it was rather striking to consider how moderate Mr. Carter's phraseology was in the Oval Office and how little enthusiasm for the cause radiated out over the airwaves. Indeed, Mr. Carter was very careful to point out how limited his program was, how uncertain was its success. It was like a coach with his football team before the fourth quarter, with the team trailing. No oratory — simply a statement that the plays he has in mind might not work, but he can't think of any better.

As a summons to achieve a great national goal, Mr. Carter's speech was something less than a clarion call. He did not, as when he opened the battle for a new energy policy, speak of it as a moral equivalent of war; perhaps the fact that the struggle over energy degenerated into a number of skirmishes, with limited gains on both sides, was in his mind. And he may have been aware of the fact that, unlike speculators in the U.S. dollar, the U.S. public is far from convinced that it is in a national economic crisis. Employment has been increasing; unemployment is

a bitter fact in some areas but it is not the kind of specter that haunted the streets and fields in the 1930s. Corporations seem to be doing well — Wall Street was having a high old time only a few weeks ago. If there is anything on the economic scene that really troubles enough Americans to create a movement and affect politics, it is the way inflation pushes up taxes, both on property and on income.

Mr. Carter paid attention to this concern — he promised to try to keep down government spending (including that devoted to regulation of markets and production) and to seek power from Congress to use income taxes as an insurance against inflation that hits wage-earners. But it may be the very shrillness of attacks on taxes that caused Mr. Carter to keep a low profile in his speech, just as it may be the public resentment of regulation by Washington and other sources of governmental control that kept the intervention of the administration into the private sector's war on inflation on a modest level.

It need not be assumed, therefore, that the numerous notes of semi-apology that Mr. Carter inserted in his address, or his failure to strike a note that even faintly resembled that of President Ford's WIN (Whip Inflation Now) campaign means that he will not gather enough of his countrymen around his standards. It may be he has better gauged the temper of the United States than his critics, and that the country will give him the chance to fight this battle.

Whether or not he will succeed is a different matter. Many governments have tried or are trying to defeat inflation while avoiding the old free market's drastic recession; many economists have brooded about the problem. But successful governments in this area are virtually nonexistent — and plausible experts are extremely rare.

The Peking-Tokyo Connection

One of the great postwar turns in world politics was consummated in Tokyo this week when Japan and China put into effect a "treaty of peace and friendship." The significance of the event goes beyond the fact that two neighbors have forsaken hostility and hatred. The treaty also marks Japan's decision to stop trying to remain "equidistant" from China and the Soviet Union and instead to lean to Peking. Thus has the nation with both Asia's most powerful modern economy and its closest U.S. tie made its most fateful choice since the war.

"Americans can view closer Japan-China relations without nervousness," George Packard and William Watts write in a new Potomac Associates study. "Each side is too committed to its own economic and political system and too nationalistic to join forces against the rest of the world; there is no need to worry about an East Asian Yellow Peril." We would go even further. The Peking-Tokyo connection is a force for stability in East Asia and throughout the Pacific basin. Economically, the two nations complement each other. The Japanese figure they are in on the ground floor of a tremendous piece of business; the Chinese feel they have locked up the wherewithal for the modernization they now devoutly embrace. Politically, the two

should find common ground in seeking close ties with the United States and in keeping Soviet pressures at bay.

Why didn't the Kremlin beat out the Chinese in the contest for access to Japan's immense economic and strategic resources? The Russians had decades in which to do the one thing — return four islands taken from Japan in World War II — that would have opened the way to normalization of relations. As a nation formed out of territory captured from neighbors, they apparently did not want to set a precedent of return. Some in the Kremlin expected that, when Peking finally began looking outward again for economic aid, it would look first to Moscow. That the Chinese chose Tokyo will surely raise in the Kremlin the question: "Who lost Japan?"

The United States must still tend carefully its separate relations with China and Japan. But their commitment to each other should facilitate that task. It is a development that adds to U.S. security without giving the Soviet Union grounds for fair complaint. Americans can take comfort in the fact that, barely three years after the collapse of U.S. power in one corner of Asia, the U.S. position in the main arena is strong.

THE WASHINGTON POST.

Six Days in October

Anniversaries come and anniversaries go, but this week marks an anniversary to which we ought to pay special attention, to say nothing of homage. The anniversary is that of the creation of the heaven and the earth; and the event was discovered — by Bishop James Ussher of Dublin (1581-1656) — to have occurred at 9 a.m. on Oct. 23, 4004 B.C. To be precise, Bishop Ussher said that only the earth was created on Oct. 23 (the heaven having been made a day earlier). Since we know that God created different things on different days, this gives us a full week of celebrations.

Before we hear any chortling about Bishop Ussher's dating system, be assured that the good bishop was a most highly regarded churchman. In 1607, he was appointed Regius Professor of Divinity at Trinity College, and also chancellor of St. Patrick's Cathedral, Dublin. In 1621, Bishop of Meath. In 1625, archbishop of Armagh. He was the author of 17 scholarly books, and he was buried in Westminster Abbey. It was somewhat before that (1650-54) that he wrote the "Annales Veteris et Novi Testamenti," in which

he proposed the chronology that makes this week what it is.

We need not dwell on the fact that by the late 19th century Bishop Ussher's chronology had been thoroughly discredited. Suffice it to say that his views were believed a lot longer than they've been disbelieved; so you may take any side you please. To be sure, science is on the side of the scoffers. But the heaven and the earth had to be created some time; so why not six days in October?

For ourselves, we choose to go by the bishop's chronology (this week, anyway); and here's what we have to cheer about: Oct. 21: the creation of day and night. Oct. 22: the heaven. Oct. 23: the earth (including "grass" and "herb yielding seed"). Oct. 24: seasons, days and years. Oct. 25: birds, whales and fish. Oct. 26: beasts, cattle, and man (whom God was careful to distinguish from "every creeping thing"). All in all, quite a week — and that includes Friday, Oct. 27, on which God rested.

In short, this week, when you say "Thank God it's Friday," we urge you to sound as if you meant it.

THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago

October 26, 1903

NEW YORK — The New York American commented, in an editorial on the settlement by the international tribunal in London of the boundary dispute between Canada and the United States, on grounds generally favorable to the United States: "Canada's contention was an example of that brilliant principle of conduct that if you claim a great deal you may gain a little. The decisions of international bodies of arbitration must nearly always be compromises. As a compromise, then, we are justified in our satisfaction, but it is no cause for celebration."

Fifty Years Ago

October 26, 1928

LONDON — After weeks of excited anticipation by the London newspapers, Dr. Mansfield Robinson and the British Post Office have sent the interplanetary ether with dots and dashes, sending a message to Mars from the world's most powerful wireless station. But to no avail. The planet — 35 million miles distant and where speculation has it that the inhabitants walk along the canals — has not returned the call. Which is all to the good for Mrs. Robinson, who insists that "No Martian shall ever set foot in my house."



Holding Korchnoi's Pawns

By Leopold Unger

BRUSSELS — Bobby Fischer, the Mozart of chess, had the formula down pat: "To win in chess, you've got to hate your opponent." Fischer knew all about hate; he could feel it when he set the whole of the Soviet Union mourning in 1974 by depriving Boris Spassky of the world chess title.

Fischer's name came up again in Baguio City, where, according to a number of experts, he could hardly have won several of the games that the adversaries allowed to slip into a draw, and where his comments about hate took on an exponential dimension. When it came to hating the opponent, Viktor Korchnoi and Anatoly Karpov were evenly matched and either could have taken the crown. But everything else in the opposing sides was unfairly weighted.

One Opponent

Karpov had only one opponent: the man on the other side of the playing table. Young (only 28), born in a working class family in the Urals, unquestionably faithful, a member of the Communist Party, he is equally familiar with the works of Lenin and Marx as those of Aeschylus and Tarkovsky. Karpov played for high stakes. He held on to his crown, earned \$430,000 along with the title of world champion, and remained the No. 1 superstar of Soviet youth. And in the Soviet Union, all this gives him an extraordinary popularity and prestige. The material advantage, furthermore, is nothing to sneeze at in that part of the world: A chauffeur-driven limousine, a dacha and an unlimited bank account.

As soon as Korchnoi had abandoned the last game in Baguio City, Karpov received a telegram from Soviet President Leonid Brezhnev: "Our country is proud of the courage — typical of a Soviet citizen — which you have shown in this difficult battle."

Brezhnev was sincere. Chess is the Soviet national sport. To be politicized, it is one of the essential elements of the Soviet image abroad, one of the basic factors in the thesis of the superiority of Communist ideology and one of the major instruments in the "formation of the masses."

Out of nine world champions in the last 30 years, eight were Soviet citizens — the ninth was Fischer, at Aeschylus and Tarkovsky. The Soviet Union threw all its power into the battle to prevent the title from escaping its country once again, and above all, to assure that it does not fall into the hands of Korchnoi, a defector and a stateless Jew. There was a general mobilization in the Soviet chess world and a purge that would have made Stalin proud of his heirs: Of the 20 members of the revamped presidium of the Soviet Chess Federation, only nine have any known link to the game.

Fair Reflection

Karpov's team in Baguio City was a fair reflection of this state of emergency. The five persons, who had been scheduled to accompany him to the Philippines, quickly became 15, soon 18 and then 30. The team captain was Viktor Batursky, a former colonel and military prosecutor who had the further advantage of being Korchnoi's worst and oldest enemy.

The match is over and the suspense is ended for Karpov. But the suspense continues for Korchnoi as another match starts for other stakes, not merely the dollars and the title which he disputed with Karpov.

Now, he is taking up arms against the Kremlin for the release of his wife, Isabelle, 47, and their son Igor, 19, held against their will in Leningrad.

The Korchnoi family has asked permission to emigrate three times in the last two years; and three times permission has been refused. Korchnoi has tried everything to get his family out of the Soviet Union. He has written to Brezhnev several times and tried to let the world know of their plight.

Sound of Chains

At a press conference just before the match started in Baguio City, he declared: "I hear, in the pockets of my opponent, the sound of the chains which keep my family prisoner in Leningrad."

To which the former military prosecutor Batursky replied with cool, police logic: "The question of reunification of families is not of the competence of chess federation, neither that of the Soviet Union nor that of the world."

Now, the situation is growing even more tense for Korchnoi. His son may soon be required to do his military service, which would mean eight more years of detention in the Soviet Union — three years in the army and five years of quarantine to "protect military secrets." It must have crossed the mind of the KGB that by holding the Korchnoi family hostage, Karpov would have an easier time of it disposing of a distraught defector. And it is evident today that this was very much part of the Soviet strategy for Baguio City, a strategy which transformed a match between two of the world's outstanding chess masters into a police-backed political confrontation: that is, the very opposite of the concept of sports.

Best Gambit

The Kremlin thought up the best gambit for Karpov in Baguio City: The Korchnoi family gambit.

It was not a particularly good opening for Karpov, who just made it on the wire after Korchnoi made an unprecedented comeback in the history of world championships (from 5-2 to 5-5). And many an expert has said that Karpov's victory was due not so much to his technical superiority as to his psychological advantage; particularly to the Korchnoi family gambit. Under these conditions, Karpov's victory will always remain tainted and suspected. Karpov's crown will be heavy for him to wear, weighted as it is with the suffering of innocents.

In the thousands of years since the Chinese or Persians invented the game, or the centuries since the

Arabs transmitted it to the West through the crusades, no one has tried to add new pawns to the 32 in battle formation. That innovation was left for Brezhnev; the two pawns he put on Karpov's side were Isabelle and Igor Korchnoi.

The game is over and Brezhnev is still holding on to those two pawns for the Kremlin's own game against Korchnoi.

But Brezhnev should be aware that all games are played with a referee and that the referee sees exactly how the opponents play the game.

World public opinion will not fail to note — and to react to — the way games are played in Moscow.

Carter's Rights Policy: A Plus

By Jim Morrell

WASHINGTON — Just three months ago, Jimmy Carter hit an all-time low in his popularity ratings since becoming president. According to the Gallup Poll, in August his score was 39 percent favorable and falling. Both the Harris and Associated Press-NBC news polls ranked Carter even lower. Then in less than two weeks during September, the trend was reversed.

The spectacular success at Camp David enhanced President Carter's image and recent popularity polls show that his appeal to voters has shot up since the "framework for peace" was hammered out. In fact, it is likely that historians will cite the Camp David accord as the pinnacle of Carter's White House career.

But the fanfare surrounding the peace initiative masks Carter's other equally important international success — his human-rights foreign policy. For despite bureaucratic resistance at home and objections by criticized governments abroad, Carter's position is gaining ground.

For some time many observers feared that the policy would be impotent — a lot of rhetoric, but no substance. But although it is still too early to judge, Carter's human-rights stand may be his most impressive long-term triumph.

Since May, 1977, the U.S. State Department has ordered 11 "no" votes and 21 abstentions on loans from the World Bank and other international financial institutions. Last June, Secretary of State Cyrus Vance ordered deferral of the \$270 million Export-Import Bank loan guarantee to Argentina and although that transaction has now gone through, Vance also ordered a freeze on other loans through that bank worth \$400 million.

The Carter administration canceled military aid to Nicaragua. And in the case of Bolivia and the Dominican Republic, the Carter administration quietly threatened aid cutoffs unless election results were honored. And Carter's human-rights policy has had some success in forcing improvement in key countries.

In Argentina, the government has restored the "right of option" which allows political dissidents to emigrate voluntarily, has provided the name of 10 political prisoners long held anonymously in that country's jails and has actually released a few prisoners since January.

In the Philippines, some political-prisoner releases, particularly the prompt release of about 600 demonstrators rounded up after last April's rigged elections, are related to U.S. opposition to international loans.

In South Korea, the government released certain political prisoners after the United States abstained in voting loans to that coun-

try by the Asian Development Bank.

State Department sources are the first to admit that serious human-rights problems persist in all these countries. In fact, the administration believes that 19 U.S. aid recipients are serious human-rights violators.

Other countries subject to U.S. human-rights sanctions include Benin, the Central African Empire, Equatorial Guinea, Ethiopia, Guinea and Zaire in Africa; Bangladesh and Indonesia in Asia; and Brazil, El Salvador, Guatemala, Haiti, Nicaragua, Paraguay and Uruguay in Latin America. They are charged by both the U.S. State Department and Amnesty International with abuses ranging from government-backed assassinations to torture and prolonged detention without charges.

Although Carter's policy has gained ground during the last year, several factors limit its effectiveness.

The sanctions imposed are too mild. Although the United States has voted against or abstained in international organizations on questions of multilateral loans, the loans often go through over U.S. objections. Even though the United States contributes one-quarter of the capital of these institutions, it has veto power only in one program of the Inter-American Bank.

The president often undermines his own human-rights stand by making contradictory financial aid decisions. For instance, the president has failed to make significant cuts in U.S. bilateral aid to strategically important countries like South Korea.

Many U.S. officials oppose using financial aid as a human-rights lever.

From the start, Pentagon, Treasury Department and many State Department functionaries have re-

sisted Carter's policy. In addition Carter himself set the stage for paralyzing policy debate when he brought 16 top members of the Trilateral Commission into administration. The Trilateralists fresh from a commission where they had been told that human rights are a fiercely defended, have considered fought for greater financial aid without political restriction.

Still, despite these obstacles Carter has made impressive strides for human rights. Early last year he set up the Inter-American Group on Human Rights and Foreign Assistance, a permanent committee to screen foreign aid loans. Dept. Secretary of State Warren Christopher, the chairman, reviews 300 loan applications a month requiring an exhaustive investigation of human-rights conditions. Both the political behavior of the applicant foreign government and its treatment of its citizens is scrutinized.

To back up his human-rights stand, Carter made other administrative changes as well. He upgraded the State Department's human rights office into a full-fledged Bureau of Human Rights Affairs.

So Carter has made slow, steady progress on behalf of human rights. Nevertheless, much more to be done. Certainly before a struggle is over, the president will have to get tough and cut off dollar flow. He may even have to face a revolt by bureaucratic opponents at home. In the end, if he has the will to persist with the same determination he had when he originally took his stand, Carter's human-rights policy has a chance to be one of his great accomplishments.

Jim Morrell is an associate editor of the Washington-based Project for Fund for Peace. He wrote this article for the Los Angeles Times.

Delft: A Showcase For Antiques Fair

By Jules B. Farber

DELFT. The Netherlands, Oct. 25 (JHT) — The 30th annual Delft Antique Fair, just opened by Prince Bernhard and running through Nov. 8, once again is offering only the top of the cream — and once again in a setting that attaches the prestige of its offerings to the town's history.

Housing the wares of 36 leading Dutch art and antique dealers is the old World Museum, a medieval cloister that came the royal residence in 1572. William of Orange, Holland's first ruler, (Delft made a gift of the building to Prince William in 1584) lived here one month later — the marks from the bullets are still visible on the main stairway wall.

When the Prinsenhof metamorphoses from historical museum to antique showcase, there is an incredible atmosphere. Flower arrangements in old silver bowls and vases look like they were brought from 17th-century Dutch mansions, as does the lighting throughout.

Hungarian Collection

To mark the fair's anniversary, a collection of 70 Hungarian objects from the early 13th through the late 19th centuries came from behind the Iron Curtain. Budapest's Nemzeti Múzeum loaned a collection of Western-style furniture, a 17th-century vessel (ca. 1200) to a 1873 Delft Light-brown inkstand inscribed to Franz Liszt.

There is something for everyone who can pay the price. Among several thousand selected items are American Master paintings and prints, tapestries, and bronzes, glass, sculpture, pre-Columbian pottery, furniture, clocks, tapestries, European, Chinese and Japanese ceramics, and porcelain, and the always-already polychrome Delft pottery. Silver glitters in every conceivable decorative and functional form.

Screens examine everything for authenticity and quality. Nothing after 1830 is eligible except jewelry and painting — which have an 1850 deadline.

Says fair organizer Samuel Nys: "We haven't the vaguest idea how much will be sold. The dealers keep figures to themselves. Nor can we predict buyers' tastes — we've been trying to figure that out for 30 years. Our biggest problem is finding top pieces, which are always in short supply."

Nysstad, a Hague dealer, is showing Peter Paul Rubens' "Portrait of Ferdinando Gonzaga," a 48-by-32 cm. fragment from the "Tri-

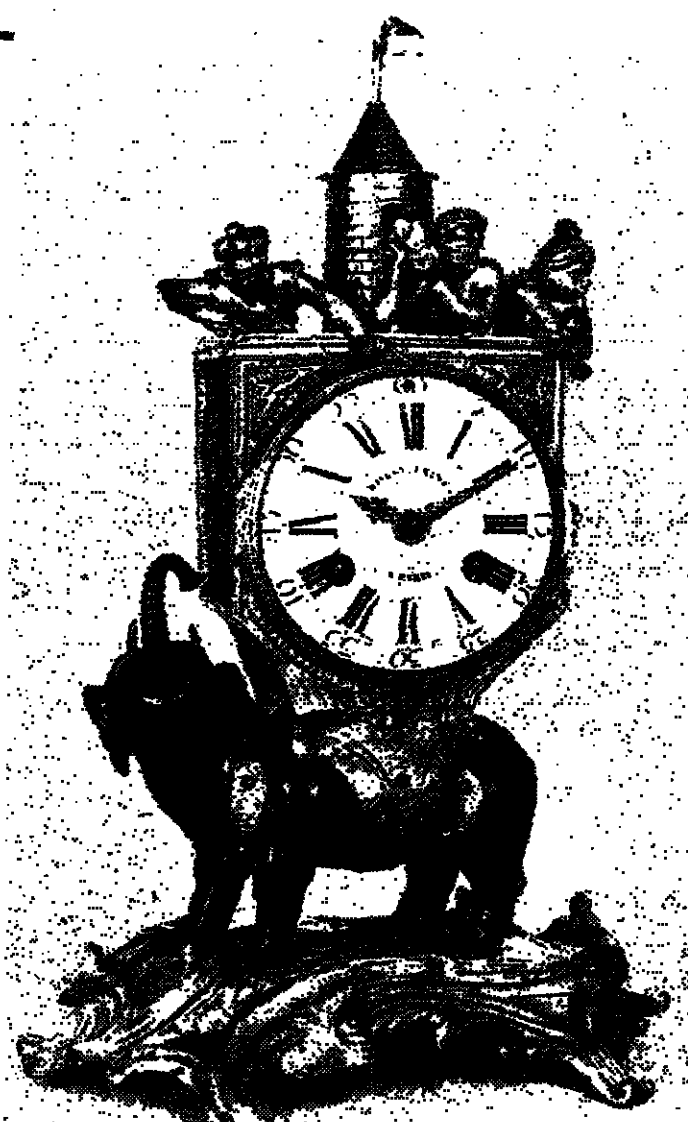
ly" hanging in the Ducal Palace in Mantua, Italy; it is priced "under one million guilders." So is the fair's piece de resistance — a rare Flemish primitive, "Madonna in a Landscape" (ca. 1400), by a painter known only as the "Master of the Embroidered Foliage." It is shown by Hague fine-arts specialist Hans Cramer.

Silver Assortment

A.C. Beeling, has the fair's most unusual silver assortment, including a pair of oversized "bridal plates" with Louis XIV relief motifs and Tudor roses. They were done in 1732 by an unknown Hague silversmith. On one, a bridal couple is depicted in early 18th-century Dutch costume. On the other, Jacob and Esau are in Roman armor. Beeling said that the price, if made public, "could be embarrassing for the purchaser." Actually it's a stiff six-figure guilder amount.

Aware of its high-price reputation, the fair has a "budget" display case with small objects priced under 2,000 guilders (about \$980). The catalog reminds collectors that what seems expensive can, in time, become a good buy.

It notes that Italian bronzes sold for 3,000 to 8,000 guilders when the fair started in 1949 would now go for 100,000 to 150,000 guilders. And a Hendrik Avercamp painting of a skating scene, bought in the '60s for 125,000 guilders, sold not long ago for 1,250,000.



Among Delft offerings is Louis XV elephant pendule dated 1752.

Science

Freezing of Bodies Held Useless Now

By Rudy Maxa

WASHINGTON, Oct. 25 (WP) — Around the United States, lying frozen in liquid nitrogen, are about 20 corpses whose descendants hope medical science will someday find a cure to the disease that took the life of their loved ones. Then, scenario has it, the bodies will be thawed, surgery will be performed and, voila, life after death.

"That's pure science fiction," snorts Dr. David Robinson, a 46-year-old British cryobiologist whose work at Georgetown University here is nonetheless a step toward that final solution. Robinson is one of only about 20 or 30 investigators in the world concerned with cryobiology, the study of living things at extremely low temperatures. In recent years those

scientists have successfully frozen individual cells — blood and sperm, for example. Their next challenge is the preservation of entire organs. But whole organisms — that's a long way off, Robinson feels.

Rejection Problem

"Organ transplants are here to stay," says Robinson, "but the problem is rejection. Unless you have a perfect match of organ and patient, it's often rejected. The other problem is timing. There's not enough time to check and characterize the organs — they have to be slugged into the patients before they die. Freezing would solve that; you could bank them just like blood."

Robinson has found that the kind of antifreeze automobiles use might be availing. Using hearts

from rats, mice or chickens, Robinson prepares cell cultures that have the same properties as the whole organ. (He's learned, for example, that heart cells beat spontaneously and regularly as he prepares them for freezing.)

Once he successfully freezes and thaws the cells, he tries to freeze the entire organ. "When we can bank organs successfully — preserving in the brain the memory and individuality — then we might begin thinking about preserving a whole organism like a human, which would give a whole new slant to the word 'stiff,'" he says.

"But today we can't even freeze a piece of skin, let alone a whole heart or human without producing some damage. Right now those preserved corpses are nothing more than frozen meat and bone."

On the Seine

One Woman Can Be an Island

By Naomi Barry

PARIS, Oct. 25 (JHT) — For 42 years, Mlle. Georgette Terrass has observed, received and served in her Librairie-Papeterie at 82 rue St.-Louis-en-l'Île. A comfortably large lady, scarcely planted behind her counter, she has not set foot on the mainland since 1949.

An island often has a separatist mentality. No exception is the populous patch in the Seine, anchored to the heart of the city by four short bridges and a footbridge that hitches it to the Ile de la Cité and Notre Dame. The Ile St. Louis, its quais lined by aristocratic 17th and 18th-century mansions, may be one of the most glamorous pieces of urban real estate in the world, but at heart it is still a village.

"I can find everything I need on the island," said Mlle. Terrass. "Besides, what would you want me to do with my animals?"

A prolonged glance discovers five plump cats — Rocky, Miquet, Mitou, Cleo and Fiquette — discreetly dozing on the shelves among an eclectic assortment of books, magazines, newspapers, comics, soap, shampoo, rubber bands, ball-point pens and other necessities that bring the islanders in constant streams.

Morsels of Gossip

Even the smallest purchase is accompanied by a snatch of conversation and a morsel of gossip, given or taken. The Librairie is the public salon of the quartier, welcoming residents and passersby alike. For everybody, Mlle. Terrass is the spark that lights up the island and the good life of the street, that makes Paris the most humanistic of all great cities.

A retired ambassador drops in each day for his copy of *Le Figaro*. The latest copy of *Confidences* is put aside for the *coiffeuse*. Mme. Denise (cocker spaniel on a burgundy lizard leash) wants *Maison et Jardin*. She is redecorating her duplex, and is in a hurry because once again the electrician has not come when promised.

The shop blooms with pretty young pretties on Wednesdays when Elle appears. "How is your horoscope this week, *ma chérie*?" Mlle. Terrass inquires of an aspiring ingenue.

At noon, the early editions of *France Soir* disappear like freshly baked bread.

"In the old days, the uniformed domestics would come for the newspapers," said Mlle. Terrass. "Now it is the *parrot*."

The concierge from next door pokes her head in the door, and, smiling, displays a large cabbage she is taking home for lunch. "This afternoon I am going to visit Mlle. Blanc," she announces.

"Tell her I will be over later in the week."

Mlle. Terrass says that Mlle. Blanc, now hospitalized, was the last proprietress of the three historic *bureaux-lavoir* that for three centuries were tied up at the head of the Ile St. Louis below the Quai de Bourbon.

She handed me some worn newspaper clippings from 1941 and 1942, which recounted the end of the Seine's laundry barges. Mlle. Terrass, who was born on the Ile St. Louis in 1908, knew them well, since her widowed mother was a laundress.

Clear and Fall

"The waters of the Seine were clear then, and full of fish. At least 100 rowboats belonging to fishermen were tied up around the *bureaux-lavoir*. You paid rent by the year. There was a small canteen down on the quai nearby which prepared *plats du jour* for the washerwomen and the fishermen. It was very animated and gay, even though people worked very hard."

"I don't mean to be immodest but in 1925, 1926, and 1927 I was the 'Queen of the Ile St. Louis.' They wanted the honor given to a young girl who was an orphan. I was chosen because my father was dead. I suppose you might say I was pretty."

"The Bazar de l'Hôtel de Ville made me a jade green gown. I was given lame slippers, a diadem and a guard of honor called 'Les Ludoviciens.' With my *cortège* we circled the island in flowered barges. Like the queen of England did later. I even had a carriage and horses."

"All the merchants on the island gave me marvelous presents. A diamond pendant, a brooch, a ring, a watch with gold. My hair was auburn and I was given a barrette with pearls. The jewels have all been stolen."

"For our *fetes*, the joy was delirious. In those days people were content with much less. The island had two *bals* for the *Quatorze Juillet*. They were among the best in Paris."

"The Ile has changed. There are no more poor people here any more and the children are fewer than they used to be."

Many a noble apartment has been carved up into expensive studios. The nocturnal bars and restaurants are more numerous now, although in 1794 there already was a cabaret at 1 Quai de Bourbon. It belonged to the family of young Cecile Renault, who was arrested during the Terror for royalist sympathies. Her declaration that she preferred "one king to 30 tyrants" led Cecile and her family to the scaffold. A number of the small shopkeepers on the Rue St.-Louis-en-l'Île — always the commercial street — have been replaced by smart boutiques. Nonetheless Mlle.

Terrass' realm still retains the charm and friendliness of a tight little community.

Au Pain de Sucre installed itself only two years ago at 12 rue Jean-du-Bellay. This sugarpum atelier proves that business on the island is done differently from that of a modern metropolis. A small team of on-premises artisans produces handmade chocolates and bonbons for celebrated confectioners in other parts of Paris.

A portion of these exquisite sweets are held back for sale on the Ile St. Louis. Bowls of sweetmeats on the counter are there to be tasted — free of charge. The children of the neighborhood rush in excitedly to buy a pound of sugar for *Maman*, knowing that Mme. Chevalier is going to ask each of them to choose a bonbon.

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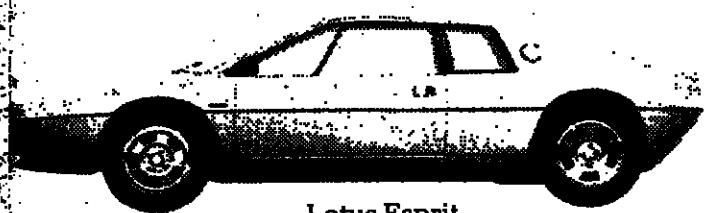
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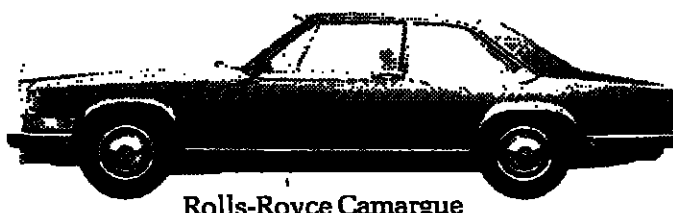
Is your car only half-Italian?



Lotus Esprit
Designer, Giugiaro



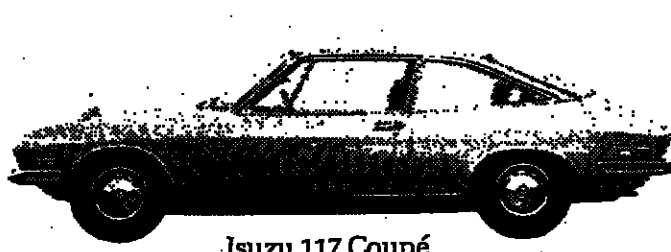
Triumph Spitfire MK1V
Designer, Michelotti



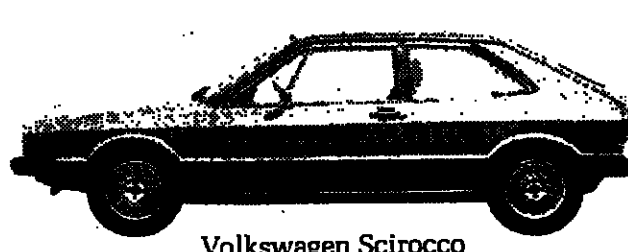
Rolls-Royce Camargue
Designer, Pininfarina



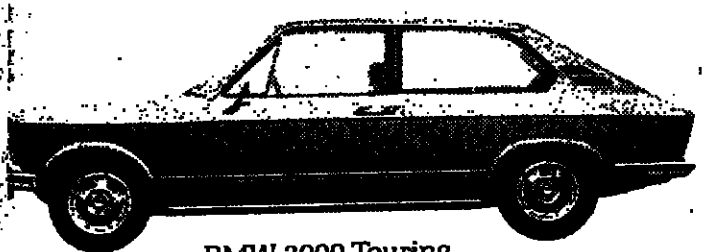
Volkswagen Golf
Designer, Giugiaro



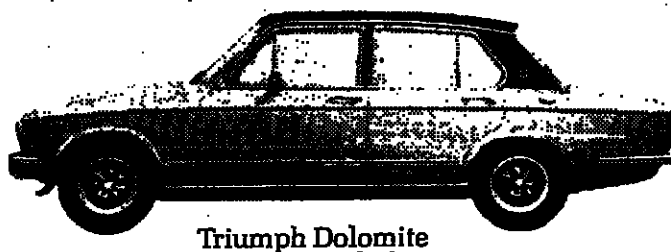
Isuzu 117 Coupé
Designer, Giugiaro



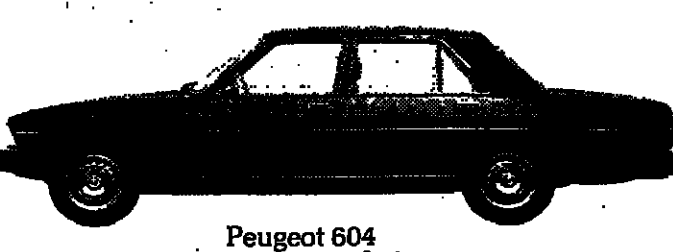
Volkswagen Scirocco
Designer, Giugiaro



BMW 2000 Touring
Designer, Michelotti



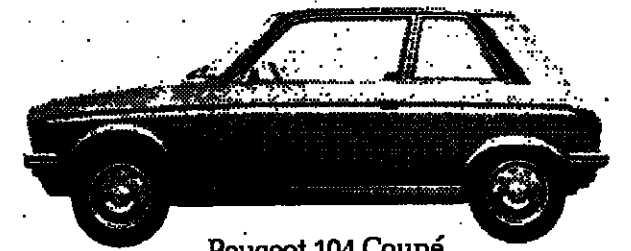
Triumph Dolomite
Designer, Michelotti



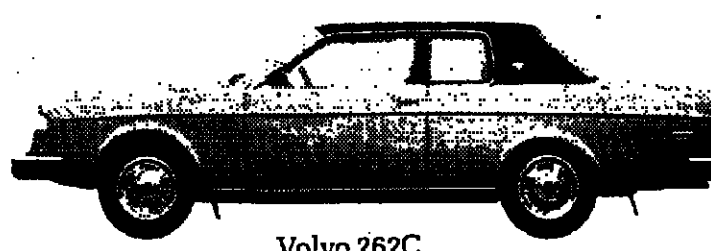
Peugeot 604
Designer, Pininfarina



Peugeot 305 Berline
Designer, Pininfarina



Peugeot 104 Coupé
Designer, Pininfarina



Volvo 262C
Designer, Bertone

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And the way the suspension of Italian cars is put together gives them their incredible feel and mastery of the road, which has been imitated by car makers all over the world, but not exactly duplicated.

And that's the point.

No matter how much of Italy they put in a French, German, English, Japanese or Swedish car, it's still not an Italian car.

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It doesn't come from an 80-year tradition of excellence in engineering and design.

And it doesn't come from the Fiat Group, which includes Lancia and Ferrari.

So the next time you buy a car, instead of getting one that looks, drives or feels the road kind of like an Italian car, why not buy the real thing instead?

Like a Fiat.

FIAT



Page 8

NYSE Nationwide Trading Closing Prices Oct. 25

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2974	24%	17%	Elgin	1.68		64.8	85	247%	23%		
2975	24%	17%	Emt			5	130	5%	23%		
2976	25%	24%	Eltra	1.24		45.5	57	28%	24%		
2977	25%	24%	Emc	1.24		45.5	57	28%	24%		
2978	25%	17%	Emvya	3.7		45.5	57	28%	24%		
2979	25%	24%	Emt	2		5.7	37	24%	23%		
2980	25%	24%	Emc	1.24		45.5	57	28%	24%		
2981	25%	24%	Emc	1.24		45.5	57	28%	24%		
2982	25%	24%	Emc	1.24		45.5	57	28%	24%		
2983	25%	24%	Emc	1.24		45.5	57	28%	24%		
2984	25%	24%	Emc	1.24		45.5	57	28%	24%		
2985	25%	24%	Emc	1.24		45.5	57	28%	24%		
2986	25%	24%	Emc	1.24		45.5	57	28%	24%		
2987	25%	24%	Emc	1.24		45.5	57	28%	24%		
2988	25%	24%	Emc	1.24		45.5	57	28%	24%		
2989	25%	24%	Emc	1.24		45.5	57	28%	24%		
2990	25%	24%	Emc	1.24		45.5	57	28%	24%		
2991	25%	24%	Emc	1.24		45.5	57	28%	24%		
2992	25%	24%	Emc	1.24		45.5	57	28%	24%		
2993	25%	24%	Emc	1.24		45.5	57	28%	24%		
2994	25%	24%	Emc	1.24		45.5	57	28%	24%		
2995	25%	24%	Emc	1.24		45.5	57	28%	24%		
2996	25%	24%	Emc	1.24		45.5	57	28%	24%		
2997	25%	24%	Emc	1.24		45.5	57	28%	24%		
2998	25%	24%	Emc	1.24		45.5	57	28%	24%		
2999	25%	24%	Emc	1.24		45.5	57	28%	24%		
3000	25%	24%	Emc	1.24		45.5	57	28%	24%		

(Continued on Page 10)

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- Corporate underwritings
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- International public offerings
- International private placements
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On the other hand, the results of the present study suggest that the effect of the type of information on the decision-making process is not as straightforward as it might seem. The results of the present study suggest that the effect of the type of information on the decision-making process is not as straightforward as it might seem. The results of the present study suggest that the effect of the type of information on the decision-making process is not as straightforward as it might seem.

BUSINESS

FINANCE

Gold Above \$230 an Ounce

Dollar Drops Sharply, Broadly

LONDON, Oct. 25 (AP-DJ) — The dollar dropped sharply today to new lows against the currencies of West Germany, Japan, the Netherlands, Belgium, Denmark, Norway and Sweden.

The dollar also continued its fall in New York after the European market had closed.

The price of gold, meanwhile, rose to new records at \$230.10 an ounce at the morning London fix-

ing and \$230.90 in the afternoon, breaking the prior peak of \$229.25 set a week ago. Bullion closed at \$230.25, up from \$226.50 late yesterday.

Central banks in Europe, Japan and the United States appeared to be forced to give the dollar heavy support in order to keep it from falling even more sharply under the pressure of very large sales. According to market sources, the Bank of Japan bought some \$520 million to prop up the dollar; the Bundesbank purchased a total of \$110 million and the Swiss National Bank bought about \$20 million.

The Federal Reserve was also believed to have entered the market. After touching an intraday record low of 1.7750 Deutsche marks, the dollar finished at 1.7810 DM, down 1.7 percent from 1.8110 DM late yesterday. It broke through the 180-yen level, slipping as low as 179.35 yen before ending the session in Europe at 179.60 yen, down 1.5 percent from 182.30 yen. In both cases, the dollar surpassed the previous lows set on Monday.

In Swiss franc trading, the dollar fared slightly better, losing only 1.1 percent at 1.5125 francs compared with 1.5293 francs yesterday.

Against the guilders, the dollar lost 1.3 percent to 1.9423 guilders from 1.9685 guilders. It also fell by 1.3 percent against the Belgian franc at 28.15 francs versus 28.51.

The dollar was also fixed at record lows against the Danish and Norwegian kroner at 4.8335 kroner and 4.97 kroner, respectively.

Falling to its lowest point since July 9, 1975, the dollar struck 4.1363 French francs, down 0.9 percent from 4.1725 francs late yesterday. It hit its lowest level against the Italian lire since March 11, 1976, at 803.85 lire, down 5.25 lire. Sterling saw its best level against the dollar since Feb. 11, 1976 at \$2.0289, up 1.1 percent from \$2.0068.

The Canadian dollar was steady at 84.51 U.S. cents versus 84.50 cents.

W. German Surplus Hits 7.73 Billion DM in Month

WESTBADEN, West Germany, Oct. 25 (AP-DJ) — The West German trade surplus in September reached 4.73 billion Deutsche marks, its highest level since October 1977 when it hit 4.8 billion, the statistics institute said.

The massive surplus surprised foreign-exchange dealers, who sold dollars on the news, and it turned theories contending that the rising Deutsche mark priced German exports out of world markets.

The September total followed a 12 billion DM surplus in August and was up sharply from September 1977's 3.68-billion-DM surplus.

Foreign-exchange dealers had expected a figure about a billion DM taller.

"Germany is a phenomenon," an economist at one of the country's largest banks said. "Expectations of a drop in German exports due to an appreciation of its currency go back as far as 1961, he called.

"We always see the initial spurt in export sales, but the ensuing fall over materializes," he said.

Economists feel this is primarily due to the fact that the tendency of the mark to appreciate seems permanent, so customers continue to

buy as they feel West German export prices have not yet reached peak levels and that the bulk of West German exports are relatively high technology sectors, where price is not generally the main consideration.

Imports rose 6.7 percent to 20.1 billion DM in September from August and stood 2.7 percent above September 1977. Meanwhile, exports rose 13 percent to 24.83 billion DM from August and were 6.4 percent above September 1977.

Economists predict that import growth in 1979 will be in line with Monday's predictions by the country's five leading economic institutes of 4 percent economic growth next year.

French Retail Prices Up .6% in September

PARIS, Oct. 25 (AP-DJ) — French retail prices rose 0.6 percent in September, matching August's rise and up 9.2 percent from a year ago, the statistics institute said today.

September's index, base 1970 equals 100, stood at 203.8 compared with 202.5 in August and 186.7 in September 1977. Over the past 3 months, the rise was 2.5 percent.

U.S. Company Reports

Allegheny Ludlum Industries

	1977	1978
Revenue	311.90	209.70
Profits	6.45	4.09
Per Share	0.28	0.36
Revenue	1977	1978
Profits	983.30	670.70
Per Share	23.08	15.81
Revenue	1.28	1.56

American Brands

	1977	1978
Revenue	1,300	1,180
Profits	52.93	39.40
Per Share	1.99	1.47
Revenue	1977	1978
Profits	3,780	3,380
Per Share	151.27	122.45
Revenue	5.67	4.56

Anheuser-Busch

	1977	1978
Revenue	649.50	520.40
Profits	38.52	30.57
Per Share	0.85	0.68
Revenue	1977	1978
Profits	1,700	1,400
Per Share	92.15	75.26
Revenue	2.04	1.67

The company increased the quarterly dividend to 22 cents from 20 cents, payable Dec. 8, record Nov. 8.

Armco

	1977	1978
Revenue	1,140	930.00
Profits	60.10	31.68
Per Share	1.30	0.67
Revenue	1977	1978
Profits	3,200	2,640
Per Share	141.65	67.78
Revenue	3.05	1.40

Bethlehem Steel

	1977	1978
Revenue	1,570	1,290
Profits	64.40	477.0 loss
Per Share	1.48	0.77
Revenue	1977	1978
Profits	4,560	4,050
Per Share	150.60	467.4 loss
Revenue	3.45	1.40

Cummins Engine

	1977	1978
Revenue	382.40	305.50
Profits	12.38	13.40
Per Share	1.49	1.57
Revenue	1977	1978
Profits	1,100	941.10
Per Share	47.64	54.33
Revenue	5.64	6.73

Easton

	1977	1978
Revenue	720.84	521.63
Profits	31.42	26.20
Per Share	1.80	1.50
Revenue	1977	1978
Profits	1,290	1,200
Per Share	49.48	28.43
Revenue	0.99	0.57

General Foods

	1977	1978
Revenue	2,640	2,460
Profits	106.28	79.17
Per Share	2.13	1.59
Revenue	1977	1978
Profits	1,200	1,200
Per Share	49.48	28.43
Revenue	0.99	0.57

Procter & Gamble

	1977	1978
Revenue	2,280	2,280
Profits	166.90	150.00
Per Share	2.02	1.82
Revenue	1977	1978
Profits	1,200	1,200
Per Share	49.48	28.43
Revenue	0.99	0.57

Pennzoil

	1977	1978
Revenue	392.80	298.00
Profits	33.13	27.11
Per Share	0.97	0.78
Revenue	1977	1978
Profits	1,110	929.50
Per Share	87.83	89.37
Revenue	2.55	2.59

Procter & Gamble

	1977	1978
Revenue	2,280	2,280
Profits	166.90	150.00
Per Share	2.02	1.82
Revenue	1977	1978
Profits	1,200	1,200
Per Share	49.48	28.43
Revenue	0.99	0.57

Merrill Lynch International & Co.

	1977	1978
Revenue	2,280	2,280
Profits	166.90	150.00
Per Share	2.02	1.82
Revenue	1977	1978
Profits	1,200	1,200
Per Share	49.48	28.43
Revenue	0.99	0.57

Revenue, profits, in millions of Dollars

Getty Oil

	1977	1978
Revenue	926.40	842.90
Profits	95.82	66.35
Per Share	1.16	0.80
Revenue	1977	1978
Profits	2,720	2,580
Per Share	225.70	223.97
Revenue	2.74	2.74

Goodyear Tire & Rubber

	1977	1978
Revenue	1,910	1,630
Profits	45.50	33.50
Per Share	0.63	0.46
Revenue	1977	1978
Profits	5,490	4,950
Per Share	154.50	163.40
Revenue	2.14	2.26

Johnson & Johnson

	1977	1978
Revenue	888.50	744.80
Profits	80.45	62.12
Per Share	1.35	1.06
Revenue	1977	1978
Profits	2,620	2,200
Per Share	238.20	190.43
Revenue	4.01	3.26

Standard Oil of California

	1977	1978
Revenue	6,000	5,600
Profits	264.00	236.00
Per Share	1.54	1.39
Revenue	1977	1978
Profits	17,800	16,500
Per Share	748.00	734.00
Revenue	4.38	4.31

Sun

	1977	1978
Revenue	1,900	1,570
Profits	97.10	94.90
Per Share	1.82	1.86
Revenue	1977	1978
Profits	5,480	4,680
Per Share	270.90	269.10
Revenue	5.06	5.51

Canada

	1977	1978
Revenue	396.00	25.20
Profits	22.50	2.37
Per Share	2.37	2.12
Revenue	1977	1978
Profits	1,110	929.50
Per Share	87.83	89.37
Revenue	2.55	2.59

National Tea

	1977	1978
Revenue	285.20	255.50
Profits	1.93	1.74
Per Share	0.20	0.17
Revenue	1977	1978
Profits	698.30	635.50
Per Share	5.06	4.69
Revenue	0.51	0.47

Procter & Gamble

	1977	1978
Revenue	2,280	2,280
Profits	166.90	150.00
Per Share	2.02	1.82
Revenue	1977	1978
Profits	1,200	1,200
Per Share	49.48	28.43
Revenue	0.99	0.57

Merrill Lynch International & Co.

	1977	1978
Revenue	2,280	2,280
Profits	166.90	150.00
Per Share	2.02	1.82
Revenue	1977	1978
Profits	1,200	1,200
Per Share	49.48	28.43
Revenue	0.99	0.57

Tokyo Pacific Holdings N.V.

	1977	1978
Revenue	392.80	298.00
Profits	33.13	27.11
Per Share	0.97	0.78
Revenue	1977	1978
Profits	1,110	929.50
Per Share	87.83	89.37
Revenue	2.55	2.59

Procter & Gamble

	1977	1978
Revenue	2,280	2,280
Profits	166.90	150.00
Per Share	2.02	1.82
Revenue	1977	1978
Profits	1,200	1,200
Per Share	49.48	28.43
Revenue	0.99	0.57

Japan Pete, China in Oil Accord

Chinese officials and the Japanese Petroleum Corp. have agreed on a system of cooperation in oil exploration and development in the Po Hai Bay area off China's east coast and the Southern Pearl River estuary, sources say. They also indicate that U.S. oil interests will probably participate in the Pearl River estuary development. They say a further round of talks with Chinese officials will be held in Tokyo in early December and it is hoped an agreement would be signed in the spring of next year.

W. German Bank Tied to Montedison

An unidentified West German bank has purchased rights that could be exercised to subscribe to 15 billion lire (about \$18.68 million) of the capital increase that is currently being undertaken by Montedison, market sources say. The seller is said to be Bastogi Finanziaria, the diversified holding company that owns 7.6 percent of Montedison.

Japan, Britain in Jet-Engine Talks

A spokesman for Rolls-Royce says talks are being held with Ishikawajima Harima Heavy Industries of Japan concerning the joint development of an RB-

432 jet engine. He adds that although no agreement has yet been signed, talks have been stepped up recently and that Rolls-Royce is hopeful an agreement will be reached. Aviation sources say the RB-432 was seen as a replacement for the Rolls-Royce Spey engine, which in its present form may not be able to meet noise abatement regulations coming into force in the 1980s. The Nihon Keizai Shimbun financial newspaper reported the budget for the project is estimated at about 70 billion yen (about \$586.74 million) for seven years starting from 1979.

Chrysler, Mitsubishi Holding Talks

Chrysler Corp. says it is continuing talks with Mitsubishi Motors of Japan concerning the latter's proposed purchase of an interest in Chrysler's Australian unit. According to Mitsubishi president Tomio Kubo, the two auto makers are discussing the possibility of Mitsubishi acquiring about a one-third interest in Chrysler's Australian operations for which Mitsubishi is willing to pay between \$20 million and \$22 million, although he adds the two companies have not agreed on a price. Separately, Chrysler says it plans to close temporarily two of its five U.S. assembly plants in late November in an attempt to reduce huge inventories of unsold cars.

Future of Dollar Said Moving Market

NEW YORK, Oct. 25 (AP-DJ) — Fears about the future impact of inflation on the stability of the dollar are tending to outweigh some current developments favoring the U.S. currency, Paul Volcker, president of the New York Federal Reserve Bank, indicated yesterday.

In a speech, Mr. Volcker said trading in the dollar is dominated by financial transactions. "The direction of that trading, and therefore the value of the dollar, depends to an extraordinary degree on the confidence that people have in its future stability," he said. "Once serious doubt comes to be cast on that future value, trading can become dominated by that consideration, losing touch with current purchasing power and competitive considerations."

Mr. Volcker said "there are symptoms of just that sort of development today, and they are profoundly disturbing."

At present, he noted, U.S. exports are beginning to benefit from

the nation's improved competitive position. A prospective evening-out of growth rates between the United States and other industrialized nations also should bode well for the U.S. trade account, he indicated.

"We can point out that the market doesn't seem to be taking account of those favorable develop-

ments," he said. "We can also rail at the speculators driving the dollar down for their short-sightedness. But it may be more to the point to address ourselves to some of the fears of dollar holders that, whatever the competitive situation today, failure to deal with our inflation will have adverse repercussions for the external, as well as the internal, value of the dollar."

Referring to President Carter's anti-inflation plan, Mr. Volcker said fiscal and monetary discipline would be necessary to the success of any administration program to limit price and wage increases. "Given that solid base . . . active cooperation by business and labor can help speed the process of restoring price stability," he said.

FRANKFURT, Oct. 25 (Reuters) — The question of whether the Bundesbank's Central Council will establish a monetary target for 1979 remains open after experiences so far this year in which external forces helped swell the monetary aggregates, Bundesbank president Otmar Emminger said today.

At the end of September, the money-stock aggregates stood between 11 percent and 12 percent above the year-ago month compared with the 6-percent growth target for this year over 1977, Mr. Emminger said in an interview. He emphasized, however, that the council has not yet discussed nor decided this question of setting a new target and will not do so before year-end.

Swiss to End Gold Cover

BERN, Oct. 25 (AP-DJ) — Finance Minister Georges-Armand Chevallaz today told parliament that the government wants to end the minimum gold cover of 40 percent for banknotes in circulation required under Swiss law. He also said that in the near future the government would review the question of revaluing the Swiss central bank's gold reserves, which currently are valued at well below half the free-market price.

NYSE Prices Lower Despite Early Rally

NEW YORK, Oct. 25 (Reuters) — A discouraging outlook for interest rates pushed prices broadly lower today on the New York Stock Exchange in active trading as the market erased a fairly solid technical rally.

The Dow Jones industrial average lost 2.34 points to 830.21 and declines led advances 787 to 657. Volume rose to 31.38 million shares from yesterday's 28.88 million.

Meanwhile, a few more banks, including First Pennsylvania and Bank of New York, joined the increase in the prime rate to 10 1/4 percent.

Glamorous and blue chips, strong during the afternoon rally, were mixed at the close. Du Pont added 1/4 to 128 but IBM lost 1/4 to 273 1/2. General Motors gained 1/4 to 63 1/2. Active Eastman Kodak lost 1/4 to 59.

Aircraft issues declined but copper and gold shares gained. Houdeville jumped 1 1/4 to 32. It agreed to be acquired for \$40 cash per share by a corporation to be formed by an investor group.

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U.S. Companies, Defying Inflation, Boost Dividends

By Robert E. Dallos

NEW YORK, Oct. 25 — There is good news on Wall Street — despite the market's painful slide last week.

Record numbers of companies are boosting their dividends. And, perhaps even more important, the payouts by corporate America are, however slightly, beating inflation.

More companies increased dividends last month than in any September since Standard & Poor's began keeping a monthly count in 1955. There were 189 increases, compared with 172 in the previous September.

In the first nine months of this year there were 2,267 increases, compared with 2,106 in the 1977 period. And there were 2,984 increases together in 1977.

There are a variety of reasons why corporate treasurers are loosening the purse strings. One major factor is that, in most cases, companies are earning more than ever, so there is more money to spread around. Another is that stockholders increasingly are demanding bigger payouts.

Payouts Rise

According to the Commerce Department, corporate dividend payouts to individuals (eliminating payments made by one company to another) rose to \$48.1 billion at an average rate for the first quarter, or equivalent of a 9.7-percent average rate of increase over the payout level reached in last year's fourth quarter.

That is a full percentage point above the 8.7 percent inflation rate during the same period, calculated on an annual basis.

According to Barton Biggs, a partner in charge of research at Morgan Stanley, from 1946 to 1967 corporate dividends increased at a rate of about 7 percent a year, far outpacing the 3 percent inflation rates typical in those years.

But starting in the late 1960s, as the U.S. economy slowed, so did growth in dividends. From 1968 through 1974, dividends increased at an annual rate of 6 percent, far outpaced by inflation which, in those years, averaged between 8 and 9 percent.

As a result, real purchasing power of dividends from equities declined at an annual rate of between 2 and 3 percent.

Dividends Outpace Inflation

Since 1975, dividends have once again risen faster than inflation, and that fact is being recognized by the investing public, market analysts say.

According to a Morgan Stanley study, in the long term dividends have represented over half of the total return from owning equities and in the last 10 years have accounted for nearly 65 percent.

The Investment Company Institute, a trade association representing 450 mutual funds (unit trusts or about 90 percent of the industry reports that its members are distributing record sums to its shareholders in the system of mutual funds are a direct reflection, the institute says, of the dividend income these funds have received from the companies in which they have invested.

In the first six months of this year, 116 members distributed \$1.5 billion to shareholders, up 24 percent from \$884.9 million paid out in the like period a year ago.

Most observers believe that dividend increases by corporations will continue and will be geared to outpace inflation. And, indeed, that is important, especially if the stock market continues its dive.


Closing Prices Oct. 25, 1978

High Low Close Chrs			
57	64	7	+ 1/2
57 1/2	7 1/4	7 1/4	+ 1/4
52 5/8	33	33 1/2	+ 1/8
52 1/4	20 1/2	20 1/2	
57 1/4	6 1/4	6 1/4	+ 1/2
52 5/8	25	25 1/4	+ 1/2
52 1/4	25 1/4	25 1/4	
58 1/4	8 3/4	8 3/4	+ 1/2
31 1/4	10 1/4	11 1/4	+ 3/4
51 1/8	10 1/4	10 1/4	+ 1/4
140	133	139	+ 2
327	26 1/2	27	+ 1/2
20 1/2	20 1/2	20 1/2	
56 1/4	5 1/2	6	+ 1/2
49 1/2	6	6 1/2	+ 1/2
51 1/2	14 1/2	15	+ 1/2
37 1/4	7	7 1/4	+ 1/2
55 1/2	37 1/2	37 1/2	+ 1/4
54 1/2	41	41	+ 1/4
56 1/2	6 1/4	6 1/4	
57 1/2	7	7 1/4	+ 1/2
51 1/8	10 1/4	10 1/4	+ 1/4
52 1/2	25 1/4	25	+ 1/4
51 1/2	12	12	
62 1/2	27 1/2	27 1/2	+ 1/4
36 1/2	36 1/2	36 1/2	
39 1/2	9	9 1/2	+ 1/4
39	8 1/4	9	+ 1/4
34 1/2	45 1/4	44	+ 1/2
57 1/4	13 1/4	14 1/4	+ 1/4
52 1/2	29 1/4	21	+ 1/4
51 1/4	17 1/4	17 1/4	+ 1/4
51 1/8	17 1/4	17 1/4	+ 1/4
51	8 1/2	9	+ 1/4
51 1/8	17 1/4	17 1/4	+ 1/4
51 1/8	10 1/4	10 1/4	+ 1/4
51 1/4	16	16	+ 1/4
51 1/8	9 1/4	10	+ 1/4
51	8 1/2	7 1/4	+ 1/4
51 1/8	17 1/4	18 1/4	+ 1/4
51 1/2	11 1/4	12	+ 1/4
51 1/8	15	15 1/2	+ 1/4
51 1/4	19 1/4	19 1/4	+ 1/4
44 1/2	42 1/2	42	- 1/4
51 1/8	19	19	+ 1/4
51 1/4	18 1/4	18 1/4	+ 1/4
56 1/4	6 1/4	6 1/4	+ 1/4
54 1/2	25 1/2	26 1/2	+ 1/4

Closing Prices Oct. 25, 1978

High Low Close Cb's		
524 1/4	24 1/4	24 1/4 + 1/8
545	45	45
52 1/4	2 3/4	2 3/4
395	380	395 - 5
517 1/8	11 1/8	11 7/8 + 1/8
528	52 1/2	52 1/2
538	27 1/2	28 + 1/4
51 1/2	11 1/8	11 1/8
51 1/2	2 1/2	2 1/2 + 1/2
5 1/4	5 1/4	5 1/4
8	8	8
322	2	2
519 1/8	19 1/4	19 1/4 - 1/4
532 1/2	22 1/2	22 1/2 + 1/4
5 1/8	5 1/8	5 1/8 + 1/4
518 1/2	32 1/2	32 1/2 - 1/4
518 1/2	18 1/2	18 1/2 - 1/4
821	21	21 + 1/4

total sales 264,938 shares.



Reduced Rate Fares

1978		
Prev	High	Low
92.80	100.80	85.40
111.41	119.93	94.84
166.47	144.44	141.34
494.50	255.50	433.40
227.56	265.50	205.42
71.76	82.82	56.45
124.34	127.85	78.10
543.99	586.79	447.19
424.11	499.72	364.84
6471.32	5492.42	3467.91
298.10	342.80	289.50

Leaves Loan

2.25 (AP-DJ) —
 — ment has rene-
 3 terms for a \$1-
 facility arranged
 Handelsbanken.

and rates and replaces a loan

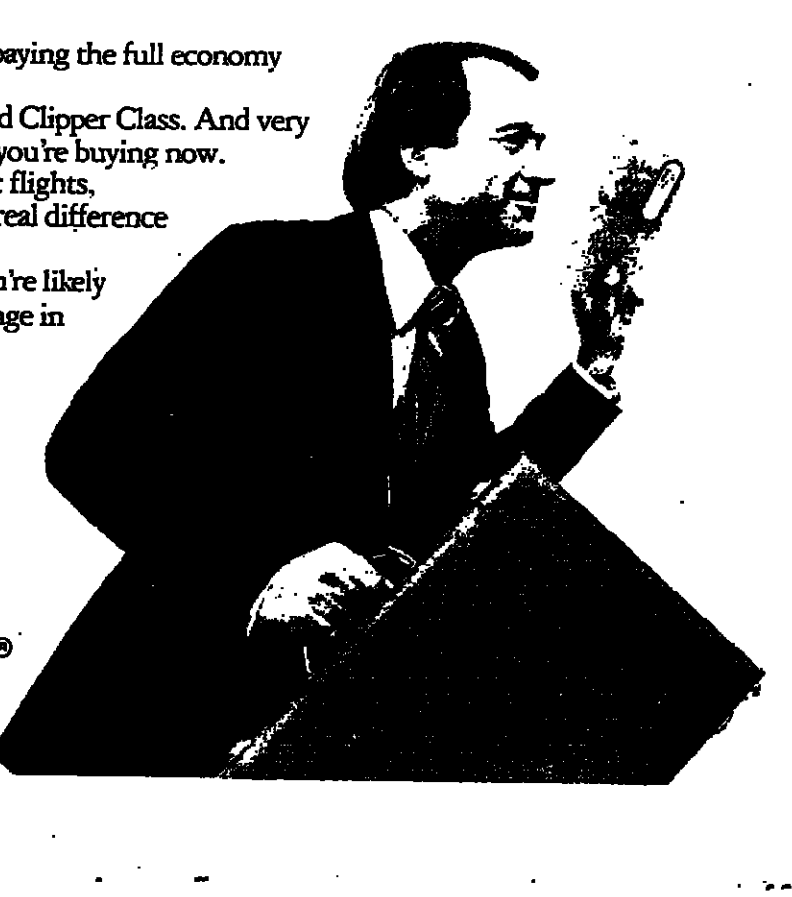
Revalued
25 (Reuters) —
revalued its ri-
dollar, the third
days, money
said. Dealers said
Agency set the
dollar at 3.27
with 3.29 riyals set

3

CONCLUSIONS



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[illegible]

MOSCOW, Oct. 25 (UPI) — Soviet director, Anatoly Geras has made a television film of American writer Ernest Hemingway's last and uncompleted novel "Islands in the Stream," the Soviet news agency Tass has reported.

It said Eres sees the novel as "the most sincere expression of the writer's desire for happiness and love, and a protest against solitude and the force of man confronting the elements."

"Then," she said, "Carter's not going ahead with the neutron weapon to impress the Soviets, but to placate the U.S. Senate?"

"Now you're catching on," I said.

"I think I'll watch The Gong Show."

"How can you watch The Gong show at a time like this?" I asked.

"Because it makes a lot more sense than building a neutron bomb."

selling LPs were American. Skateboards are the fashion for the younger teens. "Kojak," "Rich Man-Poor Man" and replays of "The Lucy Show" have replaced the "Bonanza" and "Dick van Dyke" imports of early Swedish television.

After nearly a fifth of the Swedish population emigrated to the United States in the

But Swedish television mostly shows only one U.S. detective story a week, taking pains to exclude excessive violence.

tion as one of the country's most celebrated bandits. Researchers examining the original coffin in which the famous bankrobber was buried found a few bone fragments and possibly a tooth that they say may be part of James' remains. The



Spain's King Juan Carlos
as parachutist garb to ol
ve maneuvers at Badajo

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